

# **Closing the gap in employment outcomes FOR INDIGENOUS AUSTRALIANS**



nesa



## **NESA ANALYSIS AND PROPOSALS**

TO IMPROVE THE EFFECTIVENESS OF COLLECTIVE INVESTMENT AND  
INITIATIVES ADDRESSING INDIGENOUS EMPLOYMENT

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# About NESA

The National Employment Services Association (NESA) is dedicated to creating opportunity for all through employment. Our mission is to lead a sustainable, effective and diverse employment and related services industry.

NESA is the peak body for all of Australia's world-renowned contracted employment services which provide labour market assistance to improve opportunities and outcomes for employers and disadvantaged job seekers. Our members include not-for-profit and private organisations that have extensive coverage of jobactive, Disability Employment Services (DES), the Community Development Programme (CDP), and other complementary programmes such as Transition to Work (TTW).

## Foreword

This paper presents a cohesive picture of the action required across all agencies with responsibility for improving employment outcomes of Indigenous people. The proposals build on a wealth of experience, grounded wisdom and passion amongst employment service providers, Indigenous people's organisations, employers, officials and politicians. Indeed, during the numerous discussions that informed this paper NESA found considerable agreement about what is not working well and also about what needs to happen.

Yet this knowledge and consensus has not always translated to consistent action.

NESA aims to help change this situation. We offer this paper as a contribution and consideration for Government decisions on policy, investment, alignment and practice that will expedite employment for Indigenous people at the same rate as other Australians.

## CONTACTS

**Matthew Clarke Deputy CEO**  
+61 2 9119 3090  
mattc@nesa.com.au

**Sally Sinclair CEO**  
+61 3 9624 2301  
sallys@nesa.com.au



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

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# SUMMARY



**NESA is committed to assisting the employment services sector to break the vicious cycle of employment disadvantage experienced by many Indigenous people. This paper proposes an interrelated set of actions that must be implemented as soon as possible. Australia cannot continue to fail in our combined efforts to close the gap in employment outcomes for Indigenous people.**

The analysis in this paper starts with what we have collectively done so far, abandoning assumptions that do not stack up and aiming to grow successes. In this way the following proposed actions should adjust or complement existing initiatives.

We urge **Government** to:

- Improve the alignment between operational systems and strategic policy for employment services to allow more flexibility for providers to meet employer and Indigenous job seeker needs. This will be greatly assisted with the following system or rule changes:
  - automatically allocate Stream C resources to Indigenous people in jobactive
  - correct the classification system bias that appears to inappropriately assign Indigenous jobseekers with significant disability to jobactive rather than DES
  - introduce an eight week employment outcome milestone
  - ensure permissible breaks are suitable for Indigenous people
  - align payment rules with the social procurement and employment parity initiatives
  - automatically approve a set post placement support fee for Indigenous job seekers
  - allow funding for job seekers and employer mentors in the pre-employment phase
  - allow pre-employment funding for broad pastoral care with some family contexts
  - allow funding for transport to employment



- widen the options for employer engagement, 'job carving', or business development and adjust related activation or mutual obligation requirements
- fund providers to work with cultural experts and employers to create jobs and job pathways.

**Please note:** the 'devil is in the detail' with rules. A cursory look at guidelines may appear to permit a proposal when other system factors preclude it from occurring in practice.

- Provide employment service practitioners with timely and accessible data and targets on parity of outcomes in a way that facilitates a culture of continuous improvement.
- Review the funding model for the Community Development Programme (CDP), which directs considerable effort to administration not job seeker and community servicing.
- Promote and enhance cultural competence through standards (with relevant funding attached).
- Fund an independent national coordinator of Indigenous employment engagement and response for larger employers.
- Establish a driver's licence taskforce to turn a vicious cycle into a virtuous cycle.
- Continue to increase social procurement initiatives and introduce monitoring of implementation that ensures businesses comply with their commitments.
- Resource high-level ministerial oversight to conquer inertia and seed the change that is needed.

We urge **employment service providers** to refresh their practice with Indigenous expertise.

We urge **employers** to invest in Indigenous expertise and adjust systems as required.

For our part **NESA** would like to share our unique expertise and further develop our efforts to:

- support the growth of Indigenous leaders in the employment services sector
- recognise and build the skills of employment services for Indigenous employment
- lead constructive dialogue about why and how to improve employment outcomes for Indigenous people
- connect providers with procurement measures, including through Supply Nation
- coordinate across providers, employers and cultural experts.

# CONTEXT

## **Employment must be a priority for closing the gap**

Employment offers pathways to individual and community wellbeing. It enables the level of self-determination and autonomy that research shows is critical for positive health outcomes along with many other positive social indicators. Employment opens opportunities and expedites inclusion in the economic and social wealth of Australia.

## **To date collective efforts to close the gap in Indigenous people's employment outcomes have not improved the statistics**

After nine years of investment and initiatives, the Closing the Gap 2017 report still records a widening of the employment gap for Indigenous people. While there are some individual successes or small initiatives that have made a real difference in some areas, the overall picture is not getting better. Overriding policy settings are not succeeding to meet their goals and it would be negligent to keep doing what we have been doing and expect different outcomes. **We must do some things differently.**

## **Constructively learn from previous efforts, maintain an open mind and build solutions**

This issue is too important to play politics with. Neither should we throw everything in the air and risk losing positive momentum. Instead we need a careful examination of current measures, informed by the stakeholders who work with these measures. We need to ditch assumptions that have proven wrong and be open to testing new ideas. It is OK to fail, it is in the very nature of innovation, but we must act on failure to make it useful. We must abandon what does not work and build on what does.

We need a culture of continuous improvement and collaboration in our **collective efforts** to improve employment outcomes for Indigenous Australians. This requires active evaluation where data is interpreted with close attention to the experience of people on the ground. It also requires trust so that what works well is shared and expanded and failure is understood and adjusted without fear or favour.

# ANALYSIS

## Recognise the challenge

To analyse what has not worked and identify adjustments that may help us turn the corner we need to start with a full appreciation of the entrenched barriers to employment for Indigenous people that can exist across many domains. These barriers are complex and interrelated and include: lack of employer understanding or discrimination; lack of visibility of positive and culturally specific (role) models; labour market mismatches in geography and skills; inadequate inclusion in education; poor health and access to health services and individual circumstances or characteristics arising in a context of disadvantage. Any initiative that only targets one of these areas is insufficient and will likely fail. Moreover, a multipronged approach must be sufficiently aligned to tackle the barriers cohesively.

Drawing on this understanding of the challenge and on our knowledge of sector experiences it is our thesis that there are two major obstacles to progress in current initiatives:

### Obstacles to progress:

1. *At the top* - a lack of cohesion across government schemes which target interrelated barriers to employment in isolation of each other, and sometimes pull against each other.
2. *On the ground* - a lack of collaboration between stakeholders and in particular scarce involvement of Indigenous people in delivering change results in a failure to grasp opportunities and disrupt the status quo.

## Recognise good isolated policy elements that need a boost to work better together

Discussion at NESA's Indigenous Employment Forum between employers, jobactive providers, CDP organisations and Aboriginal cultural experts was revealing of both momentum and obstacles.

Social procurement and parity initiatives of the Department of Prime Minister and Cabinet support highly motivated employers with thousands of jobs and a genuine commitment to

close the gap. Similarly the elaborate performance framework of jobactive, with specific outcome payments, star-ratings and targets focussed on Indigenous employment is further driving motivated employment service providers, who are searching for a way forward.

There is momentum at the supply and demand ends of the market and a strong desire to collaborate. However, there is low capacity to bring the two ends of the market together.

Many proposals in this paper will help create that capacity by enabling the tools and wisdom of cultural experts to be better used by providers, employers and communities. These approaches will also help to facilitate effective collaboration on the ground.

### **Ensure the operational details do not contradict policy objectives**

There can be a tendency to separate discussion about operational details from strategic policy. This disconnect has led to a failure in some instances to address tensions where operational rules prevent policy objectives being met. For example, the jobactive policy design assumes that weighted outcome payments and competitive pressures will drive innovation and flexible support tailored to individual and employer needs. However, repeated and consistent feedback indicates that administrative rules do not always support this strategy. Further, the intersection between administration and compliance in CDP, at a policy level is designed to emphasise the importance of participation in communities, and in achieving employment, however it results in a disproportional amount of effort being directed to administration, not job seeker and employment related activity operationally.

It would be wrong to assume that these operational issues are based in misunderstandings, change resistance, risk averse management or provider inefficiency that can all be fixed with clarifications and education. Heavy compliance messaging and requirements combined with low levels of up-front funding create genuine barriers across the Government's major employment programmes.

### **Courageous endeavour is required to tackle a longstanding tension between -**

#### **the policy imperative**

(inherent in the outcome based payment system) to enable informed and efficient decision making by practitioners close to the job seekers and labour market

**VS**

#### **operational requirements**

(to monitor performance and prevent waste) which can impose overly prescriptive rules and draconian compliance measures that prevent good decisions and necessary investment

**We have proposed some solutions to help overcome this inertia.**



The focus of quality assurance should shift from prescription, and detailed expenditure approval processes to recognition of practitioner competence.

This way the accountability needs of funders and managers can be met without reducing frontline flexibility and responsiveness. We should be assured that workers have the knowledge, skills, cultural competence and flexibility to partner effectively with Indigenous people and make tailored resource allocations and decisions that lead to quality outcomes. We need standards and a professional practitioner culture and recognition system that understand and respect the requirements of Indigenous communities.

We must also better acknowledge that the outcome structure and rules are more than incentives, they also impact on the viability of organisations. Long-run outcome fees may accommodate extra time, expertise and administration costs that come with more complex clients, but they do not cover direct and individualised investment in training, mentoring, pastoral support, relocation, intensive post placement supports, transport and coordination.

It is imperative that the impact of intergenerational underemployment and unemployment is recognised and that the outcome payment design is responsive to the level of investment, time and effort required to support and retain Indigenous people in employment. In remote Australia for example, we also need to review how appropriate 13 and 26 week outcome payments are. This should be informed by an analysis of specific labour markets in remote Australia, and likely duration of work opportunities.

### **Implementing improvements warrants high level strategic oversight and emphasis**

We have collated a mix of actions in this paper ranging from programme rule changes to additional targeted investments. If taken together, with sufficient gravitas and urgency, they will complement large existing investments to comprehensively tackle obstacles to Indigenous employment. Close ongoing monitoring and constructive discussions with stakeholders is required to keep abreast of unforeseen issues and to adjust settings as required. Continued failure to address this gap must not be countenanced.

# PROPOSED ACTIONS

Many of our proposals are interdependent and need to be implemented jointly - there is no clear hierarchy, but for simplicity's sake they are organised according to the following actors:

- **The Commonwealth Government** – effective alignment of commissioning, regulation and social procurement activity between policy and operations, across government agencies and across jurisdictions
- **Employment service providers** – adopting practice that works
- **Employers** – coordination that makes it easy to employ Indigenous people and benefit
- **NESA** – leadership to enhance collaboration and build capacity.

## Proposed actions for the Federal Government

### Fit for purpose operational systems in jobactive, DES and CDP

1. To improve alignment of operational systems with strategic policy for contracted employment services and to allow more flexibility for providers to meet employer and Indigenous job seeker needs, NESA recommends that the **Departments of Employment, Social Services and Prime Minister and Cabinet:**

1.1. Revise the outcome and related payment structures specifically to:

- Automatically stream Indigenous people in **jobactive** as Stream C unless there are extenuating circumstances. This acknowledges the additional population-wide labour market barriers related to discrimination, stereotypes and assumptions – similar to what is accepted as a key challenge for people with disability seeking employment. It will also provide additional resources for providers to draw upon as required.
- Recognise the eight week employment milestone which can accommodate labour hire and short duration jobs that provide a step on the way to securing long-term employment, as well as an opportunity for both employers and employees to gain confidence.
- Ensure permissible breaks are suitable for Indigenous people with specific flexibility that fits cultural expectations, such as allowing visits to support family in remote communities.

- Align payment rules with the social procurement and employment parity initiatives.
- 1.2. Review and improve the outcome structure of the **CDP programme** to better fit with labour markets in remote Australia. Also review the effectiveness of the CDP payment model and IT systems and their impact on the achievement of, or detraction from, desired outcomes.
- 1.3. Revise the Employment Fund rules, and access to funds by CDP, to explicitly enable more flexibility for providers (recognising the limit on credits and other incentives that will ensure providers responsibly target expenditure towards outcomes), specifically to:
- Automatically approve a set post placement support fee for Indigenous job seekers that is not administratively complicated i.e. it should not require hourly billing. It should allow providers to develop innovative models that may:
    - draw on highly specialised Indigenous consultants
    - have similar elements to the ongoing support programme in DES
    - support employers, other employees, family and create peer networks
    - allow providers to pool resources with an employer to create a comprehensive post placement support network across a large employer
    - allow pastoral care and mentoring.
  - Allow funding for job seekers and employer mentors in the pre-employment phase.
  - Allow pre-employment funding for broad pastoral care with family contexts involving intergenerational disengagement, this may also involve flexible access to relocation funds.
  - Allow funding for transport to employment – (the programme design is about ‘doing what it takes’ to get a positive outcome – this should be allowed within flexible guidelines).
- 1.4. Widen the options for employer engagement, ‘job carving’, or business development and adjust related activation or mutual obligation requirements specifically to:
- Promote work experience such as internships through the Youth Job PaTH – i.e. providing funds to employers that participate, additional benefit payments to job seekers, as well as allowing providers to claim an outcome payment.
  - Provide wage subsidies for all Indigenous people prior to long-term unemployment and at the 4 week placement mark.

- Fund providers to work with cultural experts and employers to create jobs and job pathways. Similar to what used to be known as reverse marketing, this approach requires proactive outreach to employers and a level of investment that is beyond that envisaged in the current framework. This funding could be provided on a grant basis with an evaluation attached – a micro version of the ‘try, test and learn’ fund.
- Similar to the option above there is also a need to invest in business development that addresses cultural matters, wider family circumstances and creates pathways to greater economic self-determination.

Collect evidence that tests what investment decisions get better outcomes and are most cost effective if made at the front-line.

- 1.5. Provide employment service practitioners with timely and accessible data and targets on parity of outcomes in a way that facilitates a culture of continuous improvement. The jobactive Indigenous Outcomes Targets are a critical initiative that should be used to inform provider practice. Our consultation indicates that simple transparent target data which provides direct and timely information about local, site-level performance will be a helpful incentive for practitioners. This is especially the case if it is used to better understand barriers, places that need additional investment or capacity building. However, plans proposed in January 2017 will not achieve these potential benefits from the targets as they create a draconian link with compliance and they lack simplicity or transparency.
- 1.6. Examine data on activation with Indigenous job seekers and consider evidence-informed adjustments. It was reported that there is not as strong a correlation for Stream C job seekers in jobactive between some annual activity requirements and finding work as there is for other streams. It would be useful to look at these figures specifically for Indigenous people in jobactive, DES and in CDP.
- 1.7. Review and correct the classification system that results in an under-representation of Indigenous people with disability in DES. It appears that the current assessment tools may inappropriately assign Indigenous jobseekers with significant disability to jobactive rather than DES as it weights the Indigenous factor as a more significant barrier to employment than disability. This can result in job seekers missing out on the higher levels and different types of support available to people with disability.



## **Promote and enhance cultural competence**

2. To improve services across all programmes and in particular to support capacity to retain Indigenous staff, engage cultural experts and support Indigenous job seekers, there is a need to build cultural competence. NESA recommends that Government:
  - 2.1. Endorse and fund Indigenous cultural competence standards. These should outline structures, behaviours and systems that enable effective engagement with Indigenous people including for example, effective on-boarding. This competence is essential to break down negative stereotypes and belief systems that exist within all parts of the community and are destructive to service delivery in addition to employment outcomes.
  - 2.2. Introduce and fund standards for contracted providers. Similar to the National Disability Standards, the standards will act as a promotion, education and capacity building tool.
  - 2.3. Require and fund third party reviews based around client and staff interviews rather than tick-box audits. This should involve Indigenous led organisations and further build capacity.

## **Fund coordination of services for employers**

3. Commission a National Coordinator for large employers, especially those involved in social procurement and parity initiatives. This role could have similarities to the current National Disability Recruitment Coordinator or the work undertaken by GenerationOne in supporting Vocational Employment and Training Centres (VTEC). It should specifically expedite efficient processes within jobactive, CDP and DES across various regions so employers do not have to duplicate processes.

## **Establish an Indigenous driver's licence taskforce**

4. Establish a taskforce to fix the perennial complications with driver's licences. This should cover both remote and non-remote Australia. This involves a number of steps and high-level Ministerial oversight and commitment. It includes:
  - 4.1. Clarity about the nature and seriousness of the problem using current data. The majority of employment opportunities require driver's licences. Currently a complex array of rules and funding barriers can make it difficult for an employment provider to address this issue. Many Indigenous people do not have licences and if they come from a background of intergenerational disadvantage they may not have access to

cars or instruction. Some people do drive (as it is often essential) but without a licence, leading to a cycle of fines and justice system involvement. This exacerbates the problem with getting a licence. A vicious cycle.

- 4.2. Clarity about the **opportunity to turn a vicious cycle into a virtuous cycle**. An opportunity to gain a driver's licence can be a useful engagement tool for Indigenous young people. A programme that takes driving lessons and vehicles to Indigenous people, where they are, can also bring relevant support and service options. Programmes like this have proven effective. They should also involve training and employment of Indigenous people as driving instructors and a community development aspect.
- 4.3. Cooperation across relevant agencies and jurisdictions to ensure there are no rules that prevent solutions being implemented.
- 4.4. Investment will be key and it is a very good fit for the model outlined in the Priority Investment Approach. However, it goes beyond welfare expenditure and would impact on health, justice and policing. It is important that it does not fail as a victim of cost shifting.

#### **Continue to increase social procurement initiatives and introduce monitoring**

5. The Indigenous Procurement Policy (IPP) is going well with nearly all Australian Government Departments exceeding targets for the number and value of contracts to Indigenous organisations. This needs ongoing promotion as well as ongoing monitoring.
6. It is also positive that many government infrastructure contracts require contractors to employ Indigenous people. However, there is a gap in ensuring adherence to this policy. A process where major developers need to be certified as having met annual IPP requirements in order to tender for new contracts would address this gap.

#### **Commit high level resources and oversight to conquer inertia and seed the change that is needed**

Ensure high-level Ministerial oversight and monitoring of all government activity in this space. To enable alignment and opportunities for learning and better coordination to be identified. As indicated in Coalition policy this oversight would be best achieved from federal government with sufficient clout and influence to inform decisions across agencies. It should also receive advice from key stakeholders who know what is happening on the ground.

## **Proposed actions for employment service providers**

### **Refresh practice and investment with Indigenous expertise**

7. Employment service providers can refresh and update their practice in line with the proposed actions of government that will enable providers to invest more flexibly in this area. NESA acknowledges that many of the following actions have been or are already the core business of providers. The proposed actions include:
  - 7.1. Hire Indigenous experts to engage with employers (especially those involved in social procurement) and to facilitate effective services for Indigenous job seekers.
  - 7.2. Train all staff in cultural competence not just cultural awareness – to ensure that frontline staff are on board and informed.
  - 7.3. Create and support community- and employer-related networks of Indigenous workers who can support and mentor each other.
  - 7.4. Develop pastoral care services for the workplace and in some cases the wider community.
  - 7.5. Think outside the box and go the extra mile in supporting people to engage and stay in employment. This may involve transport, re-location and post placement support.
8. Driver's licence initiatives with engaging hubs (possibly mobile) and access to vehicles.
9. Business creation initiatives, including social enterprises, that create career pathways responsive to predicted local labour market demand for example, the National Disability Insurance Scheme.
10. Identify and cooperate with State and Territory Government programmes – leveraging from additional support where appropriate.

## **Proposed actions for employers**

### **Invest in Indigenous expertise and adjust systems as required**

11. Employers committed to closing the gap could assist through:
  - 11.1. Contracting or hiring Indigenous cultural experts to design effective inductions and develop employee networks.
  - 11.2. Work with employment service providers and/or a national coordinator to develop on-boarding structures that fit with jobactive, DES or CDP contract outcome requirements.
  - 11.3. Identify pastoral needs and options to address them such as transport support.

## Proposed actions for NESA

### Continue to grow the capacity of employment services and enhance coordination

12. NESA aims to continue and increase its support for closing the employment gap for Indigenous people in the following ways:

- 12.1. Lead constructive ongoing dialogue about why and how to improve outcomes.
- 12.2. Support and grow a strong network of Indigenous leaders that can offer cultural competence expertise, employment support and coordination support.
- 12.3. Recognise and support professional development of the skills, attitudes and behaviours required of employment service consultants working with Indigenous people, and employers
- 12.4. Develop a coordinator function for providers and large employers.
- 12.5. Support social procurement by connecting employment service providers with businesses seeking to grow their Indigenous workforce.

**NESA will continue to engage with all stakeholders to build a stronger consensus and platform for effective action. We aim to support an employment services sector that has the capacity and capability to facilitate parity in employment outcomes for Indigenous people across Australia**