



POLICY HIGHLIGHTS

Indigenous Employment and Skills Strategies in Australia

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- **About this policy highlights**

This booklet reproduces highlights from the *Indigenous Employment and Skills Strategies in Australia* report, which considers both quantitative and qualitative data regarding employment, skills, and entrepreneurship opportunities for Indigenous Australians. This report falls within the Programme of Work of the OECD's Local Economic and Employment Development (LEED) Programme.



The full book is accessible at

OECD (2019), *Indigenous Employment and Skills Strategies in Australia*, OECD Reviews on Local Job Creation, OECD Publishing, Paris, <https://doi.org/10.1787/dd1029ea-en>.

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Indigenous employment and skills strategies in Australia

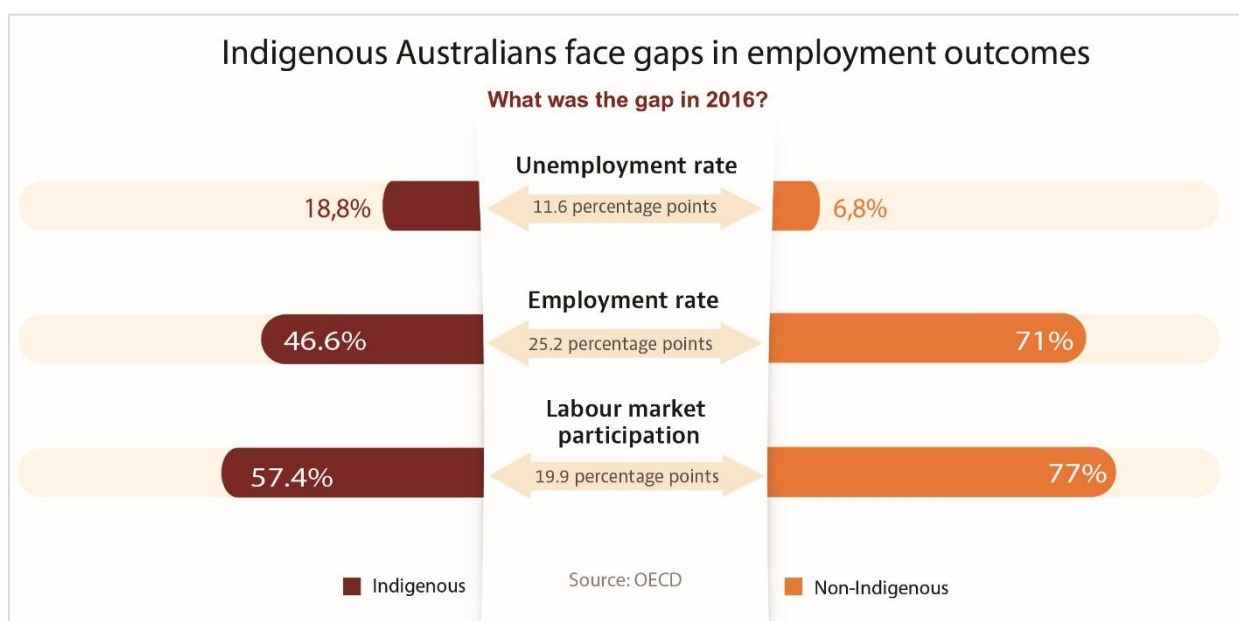
Innovative ways of working with Indigenous Australians are needed to improve their employment opportunities in the face of the future of work

The world of work is changing and some jobs are likely to disappear or significantly change—36% of Australian jobs face a significant or high risk of automation. While this is less than the OECD average (46%), Indigenous Australians are more vulnerable because they tend to work in jobs facing the highest risk of job loss, such as food and beverage services, retail, and construction.

As of 2016, there were almost 798 400 individuals that identified as Indigenous, representing 3.3% of the total population of Australia. This is a 19% increase from 2011. Indigenous Australians tend to be younger and are a growing source of labour supply. There is an opportunity to enable more Indigenous Australians to participate in the labour market and offset growing skills shortages.

At the same time, on-going labour market transformations could exacerbate employment gaps faced by Indigenous Australians. They had labour market participation rates around 20 percentage points lower than the non-Indigenous population in 2016 (57.1% versus 77.0%). The unemployment rate of Indigenous Australians was 18.4%—almost three times higher than the rate for non-Indigenous Australians at 6.8% in 2016.

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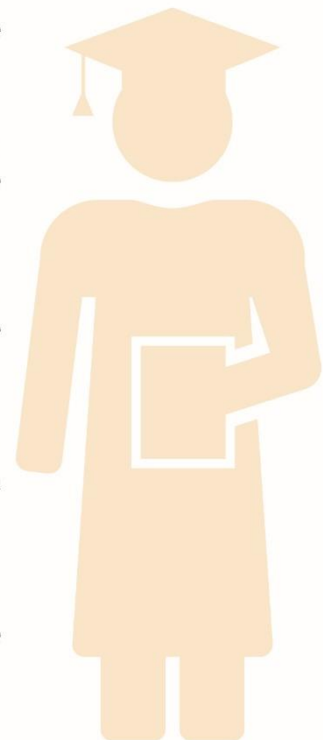
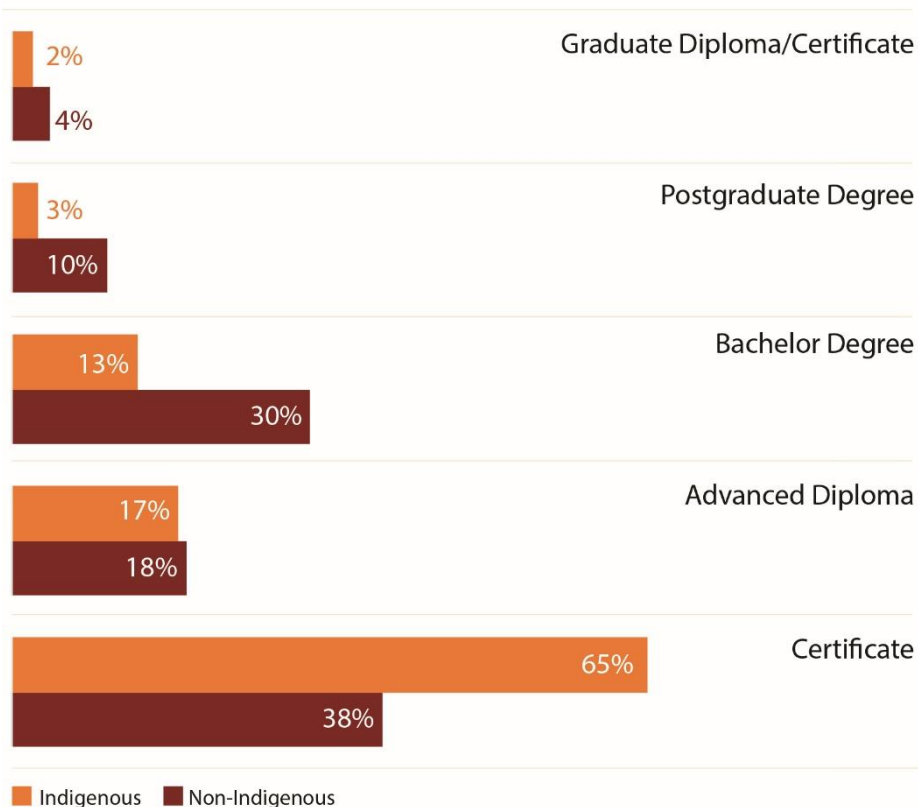


Having the right skills can narrow employment gaps

Skills play a fundamental role in shaping labour market outcomes. For example, an additional year of completed formal education is associated with an increase in the likelihood of being employed by about 1% and increases wages by 12%. The good news is that more Indigenous Australians are participating in the education and skills system. Between 2011 and 2016, 7% more 15-18 year old Indigenous Australians have enrolled in secondary education, reflecting earlier entry in education.

OECD research demonstrates that the jobs most likely to be automated are within occupations that generally require lower levels of skills. More needs to be done to equip Indigenous Australians with the right skills in the labour market going forward. Indigenous Australians tend to be over-represented in lower skills qualifications. Building higher levels of skills will respond to future labour market needs, as the Australian government projects that jobs requiring a bachelor's degree or higher qualification will see the strongest growth of 10% or 400 000 jobs between 2018-2023. Jobs requiring a certificate II or III qualification are projected to grow by 7% or 250 000 jobs.

Educational attainment of Indigenous and non-Indigenous Australians, 2016



Source: OECD

Across the OECD, many countries are focusing on vocational education and training (VET) to build occupational-specific skills and better link people to quality jobs. VET is proven to facilitate better school-to-work transitions. In 2017, the employment rate of the working-age population with vocational education in Australia was 81%, well above the overall average employment rate of 61%. The participation of Indigenous Australians in VET remains high. In 2018, 142 800 Indigenous Australians participated in VET, which was an increase of 38.6% from 2005 when there were 73 410 government-funded Indigenous programme enrolments.

Within the VET system, apprenticeships and traineeships are an underutilised but successful tool. For Indigenous Australians, apprenticeships and traineeships lead to better wages, higher job satisfaction and better career progression opportunities. In 2018, there were 13 550 Indigenous Australian apprentices and trainees. In Australia, apprenticeships can take anywhere between 3-4 years, whereas traineeships are generally a few months to a year. Apprenticeships tend to be more focused on employment outcomes within sectors, such as construction, automotive, and engineering. Traineeships tends to be focused in service-based sectors, such as hospitality, hairdressing, and beauty therapy.

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Local success factors

Drawing on practices from local case studies in Sydney and Perth, the following principles can guide programmes that aim to build the skills of Indigenous Australians.

- **Taking a sector-based approach** can ensure training is targeted to sectors that are likely to face skills shortages in the future, such as engineering, healthcare, hospitality, and early childhood education
- Training is most successful when it provides **employability skills** in addition to occupational-specific training
- **Culturally appropriate mentoring** programmes can be successful in attracting, training and placing Indigenous Australians into employment
- Access to **basic literacy and numeracy training** is essential to help to build foundation skills for the labour market



MENTORSHIP OPPORTUNITIES CAN BUILD CONFIDENCE AND MOTIVATION

In Perth, the Wirrpanda Foundation employs identified role models with a focus on Indigenous Australians. Wirra Club is a lifestyle and rewards-based programme aimed at increasing the retention of Indigenous Australians in skills training. Wirra Club assists participants with their schoolwork, while also providing a healthy snack and incentives for physical activity up to three times per week. Wirrpanda also delivers Industry Specialist Mentoring for Australian Apprentices which provides intensive support to apprentices and trainees during the first two years of their training. This has proven to be essential in ensuring Indigenous Australians complete their training and obtain their certificate or qualification.

Indigenous centred employment programmes can better link people to jobs

Improving Indigenous employment is a priority for the Australian Government. *jobactive* features a network of service providers in over 1 700 locations across non-remote Australia, delivering employment support programmes and services for all job seekers, including Indigenous Australians. Employment services in Australia are efficient in ensuring that the most disadvantaged job seekers receive the most intensive support to get into the labour market.

Indigenous Australians often have complex and multi-faceted barriers to employment. Indigenous Australians represent an increasing proportion of the overall *jobactive* caseload, which has been rising as non-Indigenous job seekers are leaving the caseload quicker than Indigenous job seekers. This demonstrates that *jobactive* providers are not achieving parity in employment outcomes. In 2015, Indigenous Australians represented 9.5% of the overall caseload whereas in the first quarter of 2019, this has increased two percentage points to 11.5%.

The Australian Government has invested in a trial of a place-based employment services model in Northern Queensland.

The Australian Government has begun work on the development of a future employment services model for when the current *jobactive* arrangements end in mid-2020. From July 2019 to June 2022, key elements of the new model will be piloted in Adelaide South, South Australia and Mid North Coast, New South Wales. Elements of the new model are being tested locally. The most disadvantaged job seekers will receive Enhanced Services delivered through employment services providers. Local providers will deliver a professional, individualised service to help prepare and support job seekers into work. Providers will help address a job seeker's barriers to work through career guidance, mentoring, and vocational training, as well as assistance in accessing non-vocational services such as counselling, work experience, job placements and post-placement support.



The Australian Government has invested in a trial of a place-based employment services model in the Indigenous community of Yarrabah in Northern Queensland. The trial presents an opportunity to test different approaches to the delivery of employment services for Indigenous Australians. Success under the trial may include an increase in community empowerment, an increase in employment outcomes, an increase in community members filling jobs in the community, greater engagement by job seekers in the service, increased school attendance and greater community cohesion. As of 31 January 2019, there are around 680 job seekers participating in the pilot.

Local success factors

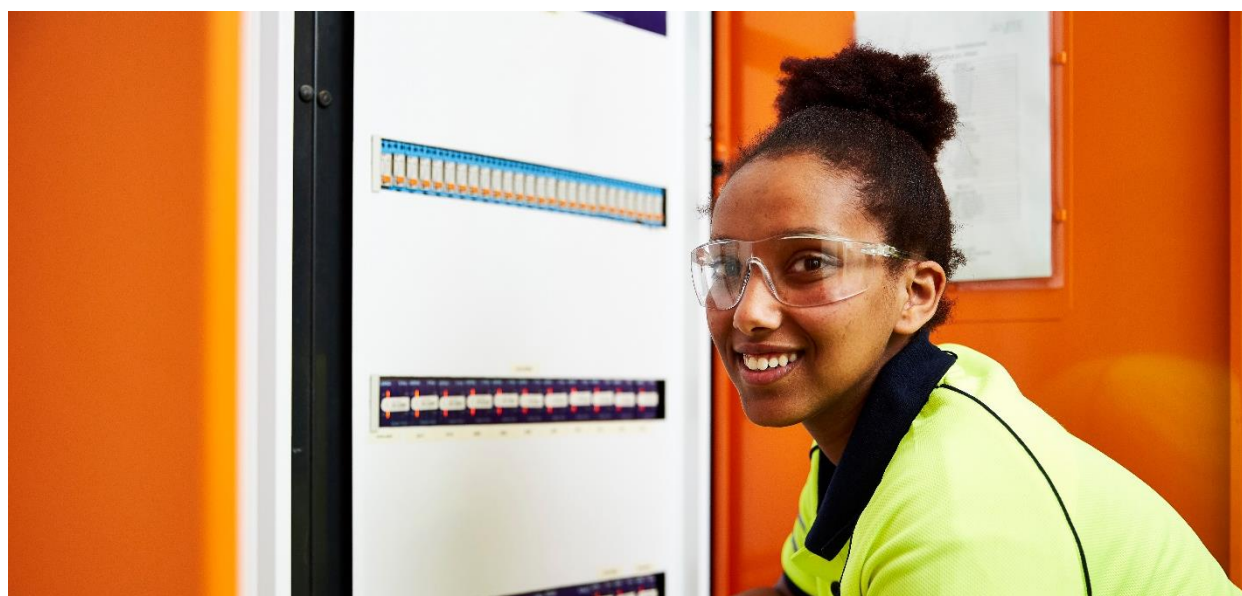
Drawing on lessons from local case studies in Perth and Sydney, these principles can help better connect Indigenous Australians to jobs:

- **Employer engagement is critical** - this means having designated employer outreach officers who actively work with employers to source job opportunities for Indigenous Australians
 - **Indigenous leadership** can help to build trust between service providers and Indigenous job seekers in order to define career aspirations and determine culturally appropriate employment action plans; it can also be beneficial for service providers to have Indigenous front-line staff who work directly with job seekers to get them into work
 - **Wrap-around services and intensive case management** strategies can address multi-faceted and complex employment barriers
 - **Local partnerships** help to build community ownership and co-designed responses to employment
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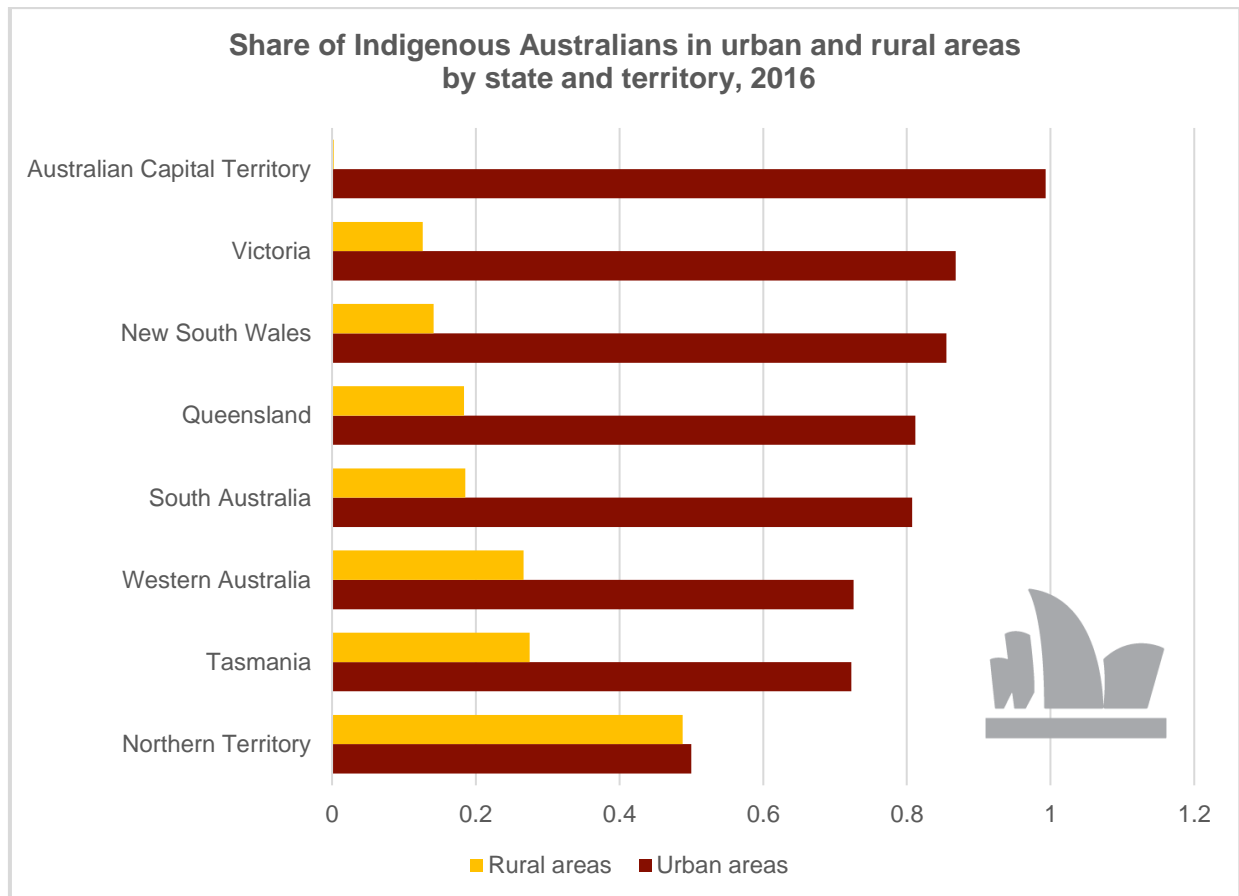
INDIGENOUS-LED DELIVERY IS CRITICAL TO BOOST EMPLOYMENT OUTCOMES

In Sydney, the Yarn'n Aboriginal Employment Service is Indigenous owned and employs a number of Indigenous staff. The Yarn'n leadership team is composed of Indigenous Australians and the majority of staff members delivering programmes are also Indigenous. Staff who do not self-identify as Indigenous participate in job shadowing upon arrival. Yarn'n deliberately attracts consultants from diverse fields, who have not necessarily worked in employment services with the goal of attracting front-line staff who will understand some of the unique needs of Indigenous job seekers.



Regions and cities in Australia are spaces of opportunity for Indigenous job creation

Indigenous Australians have increasingly moved from rural to urban areas over the last decade. The share of Indigenous Australians living in urban areas has increased from 73% in 1996 to 79% in 2016. This has been mainly driven by the larger proportion of Indigenous Australians living in state capitals, which rose from 30% to 35% between 1996 and 2016.



Indigenous Australians in urban areas tend to have poorer labour market outcomes than the rest of the population. In Perth, the unemployment rate for Indigenous Australians is 20%, which is substantially higher than the non-Indigenous rate of 7%. In Sydney, the unemployment rate was 12% relative to the non-Indigenous rate of 5% in 2016. There is an opportunity for regions and cities in Australia to build stronger partnerships with Indigenous communities to develop a common understanding of the employment and skills challenges as well as an awareness of Indigenous values among the non-Indigenous population.

There is an opportunity for regions and cities in Australia to build stronger partnerships with Indigenous communities

Cities in Australia can play a key role in creating a local dialogue. In many cases, city leaders, such as mayors, can lead the development of partnerships with employers. Such partnerships are not only critical in creating new job opportunities for Indigenous Australians, but also for educating employers about human resources best practices for employing Indigenous Australians. City Deals in Australia aim to bring together different levels of government alongside community organisations and the private sector to build long-term partnerships at the local level. As the issue of jobs and skills has been identified as a key theme for City Deals, there is an opportunity to promote Indigenous employment through this initiative. As an example, Western Sydney is undertaking a number of major infrastructure projects, including the construction of a new Western Sydney Airport, that will actively seek to employ Indigenous Australians.



FOSTERING INDIGENOUS ENGAGEMENT IN REDFERN, SYDNEY

Within Sydney, the Inner Sydney Aboriginal Alliance is setting a new standard for Indigenous engagement with government through Empowered Communities. It provides a platform for Indigenous Australians in Inner Sydney to unite with one voice to design and direct tailored solutions for the community's needs. The Alliance's goal is to empower the people of the Redfern and La Perouse districts of Sydney. The Alliance brings together key organisations and businesses in Inner Sydney who share a common goal of revitalising the area and the community. Redfern is a hub for many successful Indigenous community organisations, businesses and institutions. The district is well-known as the birthplace of Indigenous activism. These diverse organisations work across key areas of social and economic development for the community.



Entrepreneurship can promote new job opportunities for Indigenous Australians

The number of Indigenous Australian business owners has more than tripled in recent years. In 2016, there were around 11 600 business owners compared to around 3 300 in 2011. Despite this impressive increase, Indigenous business owners still account for less than 1% of overall business owners in Australia.

To promote entrepreneurship, the Australian government has created Australia's first Indigenous Business Sector Strategy, which includes the establishment of Indigenous Business Hubs anchored to major cities, including Perth and Sydney. They serve as a one-stop-shop for business advice and support. The Australian government has also introduced a pilot Indigenous Entrepreneurs Capital Scheme to provide easier access to finance and capital products for Indigenous businesses. There is also support for Indigenous businesses that wish to take advantage of major infrastructure or service delivery projects as well as efforts to double the microfinance footprint across Australia to support more entrepreneurial activity among young people and women.



Key challenges for Indigenous entrepreneurs

Indigenous entrepreneurship education	Indigenous Australians have less business expertise and fewer educational qualifications. Indigenous Australians also hold different values, a reality that affects their conception of business and enterprise.
Accessible financial capital	Indigenous entrepreneurs are sometimes seen as high-risk borrowers because they often lack collateral for loans, which is a barrier to accessing credit.
Youth entrepreneurship	Self-employed Indigenous Australians tend to be younger than non-Indigenous Australian entrepreneurs, highlighting the importance of tailoring policies to their needs. Young Indigenous Australians do not inherit the same level of wealth as non-Indigenous people, which is a further barrier to starting a business.

Public procurement policies can create new employment and training opportunities

Government procurement contracts with social clauses related to Indigenous employment and training strive to ensure that investments directly benefit Indigenous communities. At both the Commonwealth and state level in Australia, governments are using their spending power to promote Indigenous business development and employment outcomes, which is a positive development. For example, since July 2015, the Australian Government's Indigenous Procurement Policy (IPP), has led to over AUD 284.2 million in Australian investments with 12 520 contracts awarded to 1 524 Indigenous businesses. IPP includes: 1) A targeted number of contracts that need to be awarded to Indigenous businesses; 2) A mandatory set-aside for contracts being delivered in remote areas and contracts valued between AUD 80 000 – AUD 200 000; and 3) Minimum Indigenous participation requirements in contracts valued at or above AUD 7.5 million in certain industries.



SYDNEY METRO: USING PUBLIC PROCUREMENT TO DELIVERY SKILLS TRAINING

Sydney Metro is a key infrastructure project within New South Wales and one of the largest public transport projects in the country, with over AUD 20 billion to be invested and over 26 000 people working to deliver Australia's first fully automated rail service. Sydney Metro developed a workforce development strategy that embedded targets into contract requirements. Minimum requirements included that: 20% of jobs were for the local workforce with workers employed for a minimum of 26 weeks; and 20% of the workforce must participate in accredited training programmes. Employment targets were also set for disadvantaged groups, which includes Indigenous Australians, as well as youth, and the long-term unemployed.



What can Australia learn from other OECD countries?

Canada

In Canada, the majority of active labour market programming for Indigenous people is delivered through the **Indigenous Skills and Employment Training Strategy (ISETS)**. This Strategy, formerly known as ASETS, supports a network of 85 Indigenous service delivery providers across 600 points of service. Canada has moved to an employment services system that places a strong emphasis on high quality jobs and providing Indigenous service delivery organisation with more autonomy in how they deliver their programmes locally. For example, whereas service delivery agreements were five years under the ASETS programme, Canada is now moving to ten-year accountability agreements under ISETS.

In cities across Canada, independent bodies representing local Indigenous communities have been established to advise local governments, and strategies have been adopted to better integrate them into the local economy and decision-making process. There are 100 **Friendship Centres** which are non-profit community organisations that provide services to urban Inuit, Métis, and First Nations people.

City governments also play an active role in fostering reconciliation. The City of Thunder Bay, Canada, has established an **Aboriginal Liaison Strategy** that aims to enhance the well-being of the city's Indigenous communities by creating a new civic relationship promoting the participation of Indigenous citizens in the social, economic, political and cultural life of the city. The mayor of the City of Winnipeg, Canada, announced the establishment of a **Mayor's Indigenous Advisory Circle (MIAC)** in 2015 to advise on policies the city can implement to further build awareness, bridges and understanding between Indigenous and non-Indigenous communities.

New Zealand

The **Pacific Employment Support Service (PESS)** programme aims to reduce the number of young Pacific Islanders aged 15-39 who are Not in Employment, Education or Training (NEET), and prepare them for work. The programme helps youth in Auckland, Hamilton, Waikato, Manawatu-Wanganui, Otago, Bay of Plenty, Hawke's Bay and Murihuku/Southland to find sustainable employment, education or training opportunities by working with local providers. These providers motivate, train and match young people to jobs or education that best fit them. Examples of services they offer include tailoring interventions such as career advice, CV design, coaching or interview skills.

United States

Nativehire provides an array of employment resources available online. Native Americans have the ability to connect to employers and apply to jobs through online posts. The website also has a variety of videos that provide advice to job applicants on how to participate in job fairs, write a cover letter, dress professionally, use social media, network, work as an intern, create a resume, interview, negotiate salary and more. The advice videos come from the perspective of a former recruiting officer and his experiences with hiring new employees.

OECD Recommendations

Building the skills of Indigenous Australians

<p>✓ Move Indigenous Australians up the skills ladder</p>	<p>People with higher levels of skills have better labour market outcomes. While more Indigenous Australians are participating in training, the gap in educational attainment between Indigenous and non-Indigenous Australians is 12 percentage points at the diploma level or higher. The Australian Government should continue to encourage employment and training providers to set up outcomes-based partnerships that deliver skills development programmes which lead to higher-level accredited qualifications for Indigenous Australians.</p>
<p>✓ Use high-level apprenticeship programmes to provide on-the-job training to Indigenous Australians at a higher skills qualification</p>	<p>More can be done to provide information and guidance to young Indigenous Australians about jobs and expected wages through apprenticeships and traineeships. The Australian Government should also explore the potential for higher-level apprenticeship programmes to better link Indigenous Australians to higher education qualifications at the diploma level or above.</p>
<p>✓ Embed mentorship into the delivery of employment and training programmes</p>	<p>Mentors are instrumental in establishing trust both to help place Indigenous Australians into jobs but also to strengthen employee-employer relations. Mentoring is especially important within the workplace to sustain employment over the long term and encourage career and job mobility among Indigenous Australians.</p>

Connecting Indigenous Australians to jobs

<p>✓ Promote place-based employment programmes that advance Indigenous self-determination and empowerment</p>	<p>Opportunities for place-based employment programmes should be considered within the new employment services framework as a way of creating one-stop services that connect employment, training, housing, and other social supports in a given community. It is critical to test new approaches to Indigenous employment services that are co-designed with Indigenous Australians to foster community ownership.</p>
<p>✓ Strengthen the capacity of providers to deliver Indigenous-centred employment programmes</p>	<p>Ensuring that providers are culturally competent is critical to the delivery of programmes. While some initiatives are already in place such as the National Indigenous Employment Forum, the government should continue working with the employment services sector to build its front-line service capacity to match Indigenous Australians to good jobs.</p>
<p>✓ Work with employers to promote cross-cultural training</p>	<p>A culturally aware workplace free from racism will improve Indigenous employment over the long-term. The government can work with the private sector to identify employers that are adopting good human resources practices. These practices could be shared with other firms to help replicate them in other workplaces.</p>

<p>✓ Enhance access to pre-employment supports to encourage a sustainable job matches</p>	<p>Face-to-face services and comprehensive individual case management strategies are critical in removing the complex and multi-faceted barriers to employment for Indigenous Australians. The new employment services model should ensure a strong focus on these service delivery principles.</p>
<p>✓ Promote stronger local partnerships by reducing administrative burden</p>	<p>The government could look for opportunities to rationalise some national accountability requirements across employment programmes to create less reporting requirements on employment and training providers so they can focus more time and resources on programme delivery and collaboration.</p>

Fostering Indigenous job creation in urban areas

<p>✓ Promote stronger community engagement with Indigenous Australians</p>	<p>More can be done within regions and cities across Australia to create collaboration opportunities and direct engagement with Indigenous Australians to find people-centred solutions to employment.</p>
<p>✓ Better track Indigenous entrepreneurship activities that provide new avenues for job creation</p>	<p>The government could strengthen efforts to promote entrepreneurship education among Indigenous Australians with a strong focus on coaching, training and peer learning.</p>
<p>✓ Continue to use procurement policies to promote social inclusion</p>	<p>The Commonwealth, state and territory governments often include social procurement clauses when awarding government contracts. It is critical to look for opportunities to include social procurement clauses within infrastructure projects being implemented in regions and cities across Australia to advance Indigenous employment and skills training opportunities.</p>



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