

**COMMONWEALTH GRANTS COMMISSION**  
**INDIGENOUS FUNDING INQUIRY**  
**FINAL SUBMISSION**

**From: Department of Employment, Workplace Relations &  
Small Business**

**Submission No.: IFI/SUB/0064**  
**Date Received: 22/12/2000**

Mr R J Searle  
Secretary  
Commonwealth Grants Commission  
Cypress Court, 5 Torrens Street  
CANBERRA ACT 2612

Dear Mr Searle

The Department has considered the Draft Report of the Indigenous Funding Inquiry - Discussion Paper IFI 2000/2.

I have noted your introductory comment that the draft report represents work in progress, put forward for discussion and not containing developed recommendations. Since release of the report the Department has provided extensive briefing to the Inquiry through attending a public conference with Commissioners on 1 November 2000, by providing special briefing to Commission representatives on their nominated matters of interest on two occasions 28 and 29 November, and by participating in briefing with the Aboriginal and Torres Strait Islander Commission on 14 December 2000. This follows the Department's formal submission to the Inquiry and attendance at a hearing in June 2000. I hope that our contributions to date have been helpful.

Given this Department's responsibilities, the comments provided focus on the Commission's discussion of Job Network and the Indigenous Employment Programme, and to a lesser extent CDEPs' scope to assist job seekers capacity to make the transition from CDEP to mainstream employment. At **Attachment A** are summary comments on the draft report, with a particular focus on our areas of interest. More detailed comments addressing specific paragraphs in the report are at **Attachment B**.

Central to the Department's position in response to the draft report is the principle that the Department's employment assistance programmes are designed to facilitate equitable access to market generated opportunities. The Department's programmes can also help to realise job opportunities from locally initiated developments and from major public expenditures in those areas where markets do not operate. Employment assistance programmes can work effectively in partnership with communities' own development initiatives, but cannot independently create ongoing jobs to meet community members' needs. This is why the IEP has its major focus on the private sector as its source of employment opportunities for indigenous job seekers. I encourage the Inquiry to give a more substantial coverage of IEP, and have provided an update of the descriptive material we provided in the Department's July submission at **Attachment C**.

I ask the Inquiry to give special attention to the following matters in its deliberations for the final report. These are:

- o Positioning of Job Network to assist indigenous people: The Commission's draft report is unduly negative about Job Network as the mainstream provider of employment assistance. While the first stage evaluation of Job Network showed that indigenous job seekers did not do as well as other job seekers, the Department has put in place contractual improvements and other strategies to improve performance (see Attachment A). As most indigenous job seekers will be serviced by a Job Network member, and because components of the IEP such as Wage Assistance complement Job Network services, this performance improvement is a key imperative to ensure some headway on indigenous unemployment is made.
- o Differentiation between mainstream and CDEP employment: The draft report does not differentiate between employment in the mainstream labour market and employment available to CDEP participants. Mainstream employment opportunities with award wages will provide longer term financial independence for indigenous job seekers.
- o Indicator of employment need: I encourage the Inquiry to consider the data on indigenous labour force status which was released on 20 December 2000 by the Australian Bureau of Statistics.

In addition to comments on the draft report I have provided supplementary information about the Work for the Dole program. Officers from the Commission have indicated that you have had representation about how comparable this program is to the Community Development Employment Program. This is at **Attachment D**.

I also note that the Commission discussed the issue of intergovernmental cooperation and partnerships at Chapter 5. The Indigenous Employment Policy already provides for the development of specific and productive partnerships between Government, the private sector and local government through the various elements of the Policy and in particular the Corporate Leaders for Indigenous Employment Project and the Structured Training and Employment Projects (STEP). In fact, these partnerships are in our view, proving to be very constructive in tackling the multi-faceted issues associated with indigenous employment.

It is also important to note the significant steps the Commonwealth Government has recently made towards developing new and innovative approaches for improving outcomes and service delivery to indigenous Australians.

On 24 October 2000, Senators Herron and Newman hosted the Indigenous Community Capacity Roundtable, involving indigenous community leaders and key portfolios to address new approaches for addressing indigenous disadvantage in the context of the Stronger Families and Communities Programme administered by the Department of Family and Community Services. My Department is will be examining ways in which it can better coordinate the development and delivery of programmes to strengthen indigenous communities' capacity to develop economic sustainability and reduce welfare dependency.

On 3 November 2000 the Council of Australian Governments (COAG) committed to, among other measures, addressing Aboriginal Reconciliation through the review and re-engineering of programmes and services and the forging greater links between the business sector and indigenous communities to help promote economic independence. This Commonwealth, State and Territory government commitment complements the outcomes of the Roundtable.

Further initiatives and the better articulation of government programmes and services are also being considered in the context of the Government's response to the McClure Report's welfare reform recommendations.

Should you require further information, Ms Kate Gumley on 02 6121 6728 is available to assist you with any aspects of this submission.

Dr P Shergold  
Secretary  
December 2000

## **GENERAL COMMENTS**

This attachment focuses on Chapter 10, *Employment*, of the Commission's draft report. It summarises information on issues that Departmental representatives have addressed in relation to the Job Network, the Indigenous Employment Policy and the CDEP scheme, in both formal and informal discussion with the Commission on its draft report. It also provides some new information on arrangements which are about to be trialed as part of the Indigenous Employment Policy with CDEP organisations in areas where there are good labour markets – aimed at assisting CDEP participants into sustainable jobs off CDEP (see below).

### **Employment Issues**

#### **JOB NETWORK**

**The Department strongly disagrees with the Commission's assumption highlighted in paragraph 84 of the Main Findings and paragraph 63 of Chapter 10 of the draft report, but implicit in the references to Job Network throughout the report, that '*Job Network is not designed to meet the complexities of indigenous employment needs*'.**

**The Department also notes that the 6.2% benchmark to ensure referrals of job seekers from Centrelink are converted into commencements in Intensive Assistance in Job Network is no longer proving difficult to achieve, and has been exceeded for the whole of 2000/2001 financial year to date.**

**The Department considers that the financial incentives which are already available to Job Network members to place indigenous job seekers are sufficient (see comments at Attachment B on paragraph 60 of Chapter 10). Therefore we do not support the finding of the draft report which proposes that the Government considers using the Intensive Assistance funding to provide greater incentives in this regard.**

By way of an introductory comment, the Department would note that in considering the performance of the Job Network in relation to indigenous job seekers account should be taken of the considerable barriers faced by indigenous job seekers (including lack of education, skills and the attitudes of employers and their customers) compared to other job seekers, and the performance of previous employment assistance programmes.

It would also note that findings on Job Network performance must be taken in the context of a major transition from one system to another under which new arrangements must be tested. In this regard the Department also notes that the rigorous contract management and evaluation regime under Job Network allows the Government to identify performance outcomes and address them. This contrasts with the arrangements under the previous system.

The Job Network is a national network of private, community and government organisations contracted to find jobs for unemployed people, particularly the long term unemployed. It provides matching services, job search training and disadvantaged job seekers such as assessment, vocational training, help with transport and return to work costs and post

placement support. The gateway to Job Network is through Centrelink – it undertakes the registration, assessment and referral of job seekers to Job Network members.

Job Network provides the main volume of employment assistance delivered to indigenous people. It has the capacity to deliver appropriate, quality services to indigenous job seekers as it does to other job seekers. Job Network members are paid on the basis of their performance in getting job seekers into ongoing jobs and the performance based funding arrangements provide attractive incentives to assist indigenous people (see **Attachment B**, comments on paragraph 60, for more details).

Following early indications that indigenous job seekers may not have been benefiting as well as other job seekers through Job Network, and that indigenous unemployment was set to worsen, the Government introduced the Indigenous Employment Policy (IEP - see below) in mid 1999 to complement the services the Job Network offers.

The stage one evaluation of Job Network (a copy has separately been provided to the Commission) raised, in particular, issues about indigenous job seekers' access to Job Network, the appropriateness of services and indigenous job seekers share of outcomes. To address these concerns the Second Employment Services Contract:

- required providers to have special strategies in areas where indigenous job seekers comprise 5% or more of the Centrelink (unemployment) register. (This was came down from 10% in the first contract period);
- provided more comprehensive geographic coverage in rural and regional Australia with higher performing providers being selected;
- established 41 specialist Job Network member (JNM) sites to service indigenous job seekers exclusively;
- included tighter accountability and changes to the Code of Conduct to ensure improved servicing for job seekers; and
- included key performance indicators to enable monitoring with sanctions and rewards for performance.

Other strategies have also been put in place to improve performance specifically for indigenous job seekers. These include:

- setting an internal benchmark as part of the partnership arrangement between DEWRSB and Centrelink to ensure referrals of job seekers from Centrelink are converted to commencements in Intensive Assistance with Job Network. (The benchmark of 6.2% has been exceeded for the whole of this financial year to date);
- convening workshops in areas where there is a 5% or more indigenous workforce population for JNMs to share information and exchange good practice;
- providing support to Job Network members to facilitate the recruitment of indigenous staff within the organisations;
- establishing a working group with the National Employment Services Association, chaired by the Hon Robert Tickner, to facilitate further strategies working in partnership with industry;
- establishing annual NAIDOC week awards for high performing JNMs; and
- ongoing monitoring and evaluation to ensure Job Network and IEP performance are closely and fairly scrutinised.

These strategies together with the Indigenous Employment Policy should ensure improved employment outcomes for indigenous job seekers.

## **INDIGENOUS EMPLOYMENT POLICY (IEP)**

**The Commission's draft report makes only a very brief mention of the Indigenous Employment Policy. The Commission has acknowledged that the information provided is lacking in detail – in light of this the Department has already provided a paper, copied at Attachment C, outlining the key features of the Policy and providing some performance data on the different elements of the Policy.**

The Indigenous Employment Policy was launched in mid 1999 against the background of:

- continued disadvantage in the labour market of indigenous people;
- indications from population research that the position was set to worsen; and
- the reliance on the public and community sector for employment opportunities for indigenous people.

The primary aim of the Policy is to generate sustainable employment opportunities for indigenous Australians. A major focus is on increasing employment opportunities in the private sector.

The Policy has three key components – the Indigenous Employment Programme (\$50 million per year), the Indigenous Small Business Fund (\$2 million per year), and new measures to improve Job Network outcomes as outlined above. A detailed description of the IEP, including brief performance information, is provided at **Attachment C** to this submission. A summary of the main elements –other than Job Network - is set out below.

### **The Indigenous Employment Programme**

The Indigenous Employment Programme is comprised of:

- ***Structured Training and Employment Projects (STEP):*** provides flexible financial assistance for projects which offer structured training, for example, apprenticeships, for 5 or more indigenous job seekers.
- ***Wage Assistance:*** aims to help indigenous job seekers find long-term jobs either through Job Network or their own efforts, using a wage subsidy eligibility card.
- ***Corporate Leaders for Indigenous Employment Project:*** is based on a partnership between companies and the Commonwealth. The companies commit to employing indigenous people and the Commonwealth provides access to flexible funding for that purpose. Companies can design an employment project or strategy to suit their own business environment and can access a mix of assistance under the IEP.

***CDEP Placement Incentive:*** provides a financial incentive to CDEP sponsors for each placement of a participant in open employment and off CDEP payments.

- ***National Indigenous Cadetship Project:*** extends the existing Indigenous Cadetship Programme in the Australian Public Service to private sector employers. Under the scheme financial assistance is provided to companies to offset training costs.
- ***Voluntary Services to Indigenous Communities Foundation:*** has been established to facilitate the placement of volunteers with business, financial and technical skills to provide for the short-term needs identified by indigenous communities. In addition to meeting the needs of indigenous communities, it aims to encourage skills transfer and longer term strategic relationships between communities and the private sector.
- ***Rural Pilots Project:*** is intended to bring a local or regional focus to private sector involvement in and responsibility for improving the circumstances of indigenous people through a considered employment strategy. Each strategy includes a strong mentoring component for both employers and indigenous employees aimed at breaking down barriers to indigenous employment in the region.

### **The Indigenous Small Business Fund (ISBF)**

The ISBF aims to foster the development of businesses owned, operated and managed by indigenous people and promote sustained indigenous employment opportunities. The ISBF is a joint initiative of the DEWRSB, which provides funding for organisations, and the Aboriginal and Torres Strait Islander Commission (ATSIC), which provides funding to individuals.

### **COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS (CDEP) SCHEME**

**Among other matters the Commission's draft report concludes that *'the Commonwealth will need to consider how to provide funds for training for CDEPs'***

The Department recognises that employment is only one of the intended outcomes from the multi-faceted role CDEPs play in indigenous communities. Nevertheless, one of this Department's key roles is to assist Australian job seekers (indigenous and non indigenous) into employment, and there are more than 30000 indigenous people in CDEP organisations across Australia, around a third of them in CDEPs in areas where there are strong or reasonable labour markets. We also note the conclusion of the independent Spicer Review of CDEP in 1997, to which your report refers, that the objectives of CDEP are:

*'to provide work for unemployed indigenous persons in community managed activities which assist the individual in acquiring skills which benefit the community, develop business enterprises and/or lead to unsubsidised employment'*

This is why the IEP included a specific measure, the CDEP Placement Incentive, to encourage CDEP participants to move from sheltered CDEP employment to the open labour market. However, there has been a relatively low take up rate and some CDEPs have indicated that the financial incentive is insufficient.

The Department is working with ATSIC to look at other ways to support and encourage movement through CDEPs into sustainable employment in areas where there are reasonable



labour markets. In particular, consideration is being given to where Job Network members and CDEPs can work together more closely to address potential barriers within both organisations to providing the most effective assistance to indigenous people to find lasting jobs.

In this regard, the Commonwealth Minister for Employment Workplace Relations and Small Business has recently agreed, with the support of the Chairman of ASTIC, to trial new arrangements in a limited number of CDEPs (up to 10) aimed at providing pre employment training and assistance into sustainable employment, off CDEP, for a specified number of CDEP participants at the trial sites. Brief details on the operation of the trial are set out below.

### ***Indigenous Employment Policy – CDEP Trial Outline***

- The following **selection criteria** will apply for CDEPs participating in the trial:
  - the CDEP must be located in a strong, diverse labour market;
  - 5% of the area's workforce must be indigenous;
  - there will be a mix of metropolitan and regional trial sites;
  - within the CDEP there should be a culture which supports participants obtaining employment off CDEP; and
  - the CDEP should have a good track record of assisting participants into mainstream job outcomes;
- **Participant numbers** – each trial site will identify 20 – 25 participants to be in the trial;
- **Timing** - the trial will run for 12 months. During the first 6 months it is expected that participants skills will be assessed and that they will be provided with pre vocational/job readiness training (including if necessary literacy/numeracy training) or job specific training, if appropriate, and other employment assistance. It is anticipated that at end of 6 months, if not before, participants will be assisted into employment off CDEP and the CDEP will continue to provide support and mentoring to the employee, and the employer if needed, for a period of time;
- **Links with Job Network** – the CDEP organisations selected are to develop relationships with and, as far as practicable, ensure that participants access the services of local Job Network members (JNMs) throughout the trial. CDEPs in the trial will be required to access Job Search Training and Job Matching services where these are available through local JNMs. It is expected that these services will be appropriately tailored by JNMs to the needs of the CDEP participant group.
- **Funding** - the contracted sponsor CDEP will receive up to \$6,000 per participant in the trial, comprising:
  - \$3,000 up-front establishment costs per participant;
  - \$1,000 when the participant is placed in full-time, ongoing employment off the CDEP;
  - \$1000 when the participant has been in continuous employment off the CDEP for 13 weeks;
  - \$1,000 when the participant has been in continuous employment off the CDEP for 26 weeks; and

- a proportion of the funding (\$500 - \$1000) must be made available to the participant for clothes, equipment, travel costs etc;
- **Evaluation** – the trial will be evaluated quickly at the end of the 12 month period and continuation beyond that period or substantial expansion of the number of CDEP sites involved will be subject to the findings of the evaluation – success will be measured in terms of numbers of participants who are in sustainable jobs off CDEP.



No rationale is provided for use of the three complementary measures. Presumably, the complementary measures are used because employment and unemployment statistics available from the Census and the National Aboriginal and Torres Strait Islander Surveys conducted by the Australian Bureau of Statistics (ABS) are limited and out of date. If so, it is important that this be stated explicitly. Paragraph 21 is drafted in such a way that it is easy for the reader to wrongly infer that the “primary indicator” which is said to “measure unemployment in the traditional way” is the ABS unemployment rate which is recognised as the official measure of unemployment. Consequently, it should be emphasised that the “unemployment rates” presented in Table 10.5 are not the same as the standard unemployment rate published by the ABS, which is based on a survey concerning labour market behaviour rather than administrative data on receipt of income support.

While the ‘Relative Needs Indicator’ is probably the best alternative measure of Indigenous labour market disadvantage currently available, income support statistics are not without problems as measures of employment need. The strengths and weaknesses of the underlying measures should be explained to aid more accurate interpretation of the data that are presented. For instance, the number of persons receiving unemployment and related benefits may overstate employment need because a significant proportion of beneficiaries work part time. Part time work by beneficiaries is one reason why the unemployment measures based on income support data do not correspond the official unemployment statistics published by the ABS.

Paragraph 22 asserts that “Employment needs should be measured by the number of persons seeking work”. While the underlying principle of revealed preference is generally sound, this simple, unqualified statement is dangerous in this context because it ignores the complex and severe labour market barriers which confront many Indigenous people. These barriers probably lead to discouragement and other forms of “marginal attachment” to the labour force, which means that people do not seek work, even though they express a desire for a job and would probably be working if conditions of full employment prevailed. Another aspect of employment need which is not considered in paragraph 22 is under-employment which may occur when people work fewer hours than they desire, or in a way which does not fully utilise their skills and qualifications.

Given the major limitations in availability of ABS Census and survey data on the labour market status of indigenous people, it is probably not possible to devise or adjust indicators to reflect marginal attachment and under-employment. However, these issues reinforce the case for more careful consideration of the assertion made in paragraph 22 about the measurement of employment need.

In addition, readers should be cautioned that indigenous unemployment rates are the outcome of changes in a number of factors such as population size (with attendant issues associated with self identification as indigenous), the participation rate and employment growth. It is possible, therefore, for regions to have high indigenous unemployment rates while at the same time experiencing robust Indigenous employment growth and improving labour market conditions. Similarly, a low unemployment rate may merely reflect out-migration of Indigenous job seekers and stagnant labour market conditions.

Paragraph 22 should also be redrafted to make it clear that;

- o not all unemployed persons (as reflected in the ABS measure of unemployment) register for, or receive income support; and;
- o not all forms of income support require job search or reflect employment need.

#### Suggested approach

One way of overcoming the problems contained in the draft report may be to adopt a forward looking approach and frame the discussion around principles of desirable indicators rather than focussing only on data that are currently available. This may be feasible in the light of plans by the Australian Bureau of Statistics to improve the quality and availability of labour market data for Indigenous people. While identification of such principles and the accompanying indicators would require further investigation and consultation with interested parties, the following suggestions might provide a useful starting point:

- o the extent to which the indigenous population is participating in the labour market and employment, as measured by the labour force participation rate and employment to population ratio;
- o the proportion of the indigenous labour force which is unemployed and actively seeking work i.e. the unemployment rate;
- o the duration of unemployment among indigenous people, as measured by the average duration of unemployment or the long term unemployment incidence (i.e. the proportion of indigenous unemployment which is long term), and,
- o the proportion of indigenous part time employees who are actively seeking more hours of work.

Many of these indicators could be calculated at the national, state and regional level using data from the February Labour Force Survey which has contained an experimental Indigenous identifier for several years. The ABS has released an occasional paper on Indigenous employment statistics, which will present data based on the indicator. As the ABS has stressed, however, administrative data of the kind used by the Commission will remain essential due to ongoing limitations of survey data, particularly in terms of the statistical reliability of small estimates.

Whatever indicators of employment need are used, it is important to examine changes which show where improvements or deterioration may be occurring. The Chapter should also note that differences in labour market performance of indigenous persons at the regional level are always likely to exist, irrespective of the strength of the overall labour market. Regional differences can be ascribed to a variety of factors such as industry and employment structures, population growth and changes in the population profile within regions. What is important, however, is whether the disparity across regions is increasing or declining over time.

### ***FUNDING ARRANGEMENTS AND LEVELS***

- 26 A foot note should be added to explain that the Second Employment Services Contract does not bind a Job Network member to spend the funds on a particular job seeker but that this is an estimate of the funds potentially available. What is actually paid depends on outcomes achieved.

**THE POLICY FRAMEWORK -  
Government Employment Assistance Policy**

29 Please insert a sentence stating that Job Network commenced in May 1998.

**Indigenous Employment Policy**

30-35 This chapter should be supplemented with further information about the Indigenous Employment Programme. An update of the material in the Department's submission of June 2000 is provided at Attachment C for consideration.

**FUNDING ALLOCATION METHODS**

36 Job Network is focussed on placing "eligible" job seekers into employment. In the main eligible job seekers are those who are receiving income support payments, including those receiving CDEP (but not Age Pension, with the exception of JMO, or Mature Age Allowance) and young job seekers who may not be eligible for income support payments.

*Insert the following information about funding allocation in lieu of paras 36 to 38:*

Job Network is a national network of private, community and government organisations contracted by the government to assist eligible unemployed people, particularly the long-term unemployed, find jobs.

These organisations, Job Network members, are contracted through a national tender process and offer flexible and tailored assistance to job seekers depending on their level of need. Job Network members are paid on the basis of achieving outcomes for eligible clients.

For each Job Network service, business levels are allocated to areas on the basis of the needs of eligible job seekers. For all services except Intensive Assistance, the allocation of business levels also includes an element about jobs – the demand side of the employment equation.

For Intensive Assistance, which constitutes the bulk of the Job Network allocation, business levels closely match the location of the eligible clients. This is regardless of the local labour market conditions.

39 Many employment projects under the Structured Training and Employment Projects (STEP) are funded in remote locations. STEP provides assistance tailored to the employer's needs, including the cost of delivery in remote locations. Similarly, Wage Assistance can be paid direct to an employer and does not require either a JNM or labour market to be funded.

**FINDINGS AND CONCLUSIONS**

51-52 References to the CAEPR research, 'The Job Still Ahead', should acknowledge that this dates back to September 1998. The statement that, 'this disadvantage will get worse in the next few years if corrective actions are not taken soon' dates back to that time. The Government responded in May 1999 in its announcement of the Indigenous Employment Policy. Estimates of the *current* employment situation for indigenous people will be published by the ABS in late December 2000.

- 54 In calling for partnership arrangements with private and public sector employers recognition should be given to the developing contribution of elements of the Indigenous Employment Programme, particularly Structured Training and Employment Projects (STEP), and the CEOs for Indigenous Employment and Rural/Regional Pilots initiatives.
- 56 Refer to comments at **Attachment A** - Job Network members are paid on the basis of their performance in getting job seekers into ongoing jobs. It provides the capacity to deliver appropriate, quality services to indigenous job seekers as it does to all job seekers. A number of changes were introduced for the second contract period to improve servicing and outcome specifically for indigenous people, including:
- o Intensive Assistance Support Plans for job seekers and Declarations of Intent for JN members, a mechanism to ensure job seekers receive timely and appropriate individual assistance;
  - o JNMs are required to have special strategies in areas where indigenous job seekers comprise 5% or more of all job seekers;
  - o an improved and simplified Code of Conduct that stipulates what job seekers can expect from their JNM and how to make a complaint.
- The first evaluation of JN has highlighted this as an area for improvement, and the Department is currently working to improve performance via contract management and exchange of good practice.
- The considerable barriers faced by indigenous job seekers (including lack of education, skills and the attitudes of employers and their customers) compared to other job seekers and the performance of previous employment assistance programmes should also be taken into account in making an assessment of the performance of the Job network in this area.
- 57 A table illustrating the 6.2% commencement commitment achieved in the last year have been provided separately to the Commission.
- As JNMs are paid a percentage of their fees on performance, it is also important in this area to examine the data on outcomes. CGC has a copy of the June Quarter 2000 Labour Market Assistance Outcomes and will be advised as soon as the September Quarter document is available.
- 58 It should be noted that the 6.2% benchmark to ensure referrals of job seekers from Centrelink are converted into commencements in Intensive Assistance in Job Network has been exceeded for the whole of 2000/2001 financial year to date. This is a benchmark agreed between DEWRSB and Centrelink and it seems unlikely that CDEP participants would be aware of it. In light of this we believe the comments in the last sentence of this paragraph should be clarified and, at least, referenced.
- 60 para (i) change to, 'over 90 per cent of indigenous clients with an active JSCI would be eligible to receive Intensive Assistance', and;
- para (i) change to, 'about 76 percent of these job seekers would receive the highest funding level allowable for Intensive Assistance.'

The performance based funding for JN provides attractive incentives to assist indigenous people;

- o once Centrelink has referred any job seeker the JNM is required under their contract to provide employment assistance services. The JNM will receive an up front fee once the job seeker has commenced. However the bulk of the potential payments are made after outcomes are achieved. JNMs therefore have an important incentive to ensure that outcomes are achieved. Indigenous job seekers generally attract the higher level of funding so the incentive to place them is high;
- o contract managers monitor JNM performance and compliance. For example, one of the Key Performance Indicators for Intensive Assistance is the percentage of outcome fees for indigenous job seekers;
- o the funding and other assistance available under the Indigenous Employment Policy is available in addition to Job Network outcome payments. For example, a Job Network member would not have to offer an employer incentive for an indigenous job seeker because the Wage Assistance from IEP can be used.

61 The discussion in this paragraph would benefit from identifying the sources. Where it is noted that there are “concerns among Job Network providers and Centrelink”, it is likely that their areas of concern are quite different and that their views may conflict. For example, it is likely that Centrelink have claimed that some JNMs offer minimal services while it is unlikely that most JNMs would have made this statement. The argument about prohibitive costs, is more likely to have come from JNMs and less likely to have come from Centrelink.

62 This paragraph needs to be re-examined in light of comments about indicators of employment need.

63 The Department strongly disagrees with the conclusion drawn in this paragraph - refer to the information provided in the covering letter, at **Attachment A** and set out in the above comments on performance in exceeding the 6.2% target in particular, the strategies that have been put in place to improve the performance of the Job Network for indigenous job seekers in the second contract round and post programme monitoring outcomes.

64 Many JNMs already employ indigenous staff particularly in those areas with 5% or more indigenous job seekers – in fact, employing indigenous staff in these areas will often have been part of the special servicing strategies that JNMs were required to include in their tenders for ‘the 5% areas’. However, in the Department’s view more can be done in this area and we actively encouraging JNMs in 5% areas to employ more indigenous staff to assist in improving the services to indigenous job seekers. Support for this activity, particularly for training initiatives is available under the IEP.

68 Refer to comments at **Attachment A** describing the trial of new arrangements under the IEP to contract up to 10 CDEP organisations to provide pre employment training and assistance into sustainable employment, off CDEP, in areas where



there are reasonably strong labour markets. **It should be noted that, consistent with the primary focus of the IEP, this trial is strictly about providing assistance for CDEP participants to move out of the CDEP into mainstream jobs – hence the focus on areas with good labour markets – it is not aimed at CDEPs in remote communities where there are only very limited job opportunities outside the CDEP or indigenous community.**

## Supplementary information on the Indigenous Employment Policy

---

### The Indigenous Employment Policy

The Indigenous Employment Policy was launched by Minister Reith on 25 May 1999. The Policy is the Government's response to the continuing disadvantage in the labour market faced by indigenous people, and to indications from population research that the position was set to worsen.

The Government was concerned that indigenous Australians suffer very high rates of unemployment regardless of geographic location. The representation of indigenous people in private sector employment is low and much of the Department's programme effort is directed to that sector. In addition, for the first time participants in the Community Employment Development Projects (CDEP) have the same access to mainstream and specialist programme assistance as those on Newstart and Youth allowances.

The policy has three components, the centrepiece of which is the Indigenous Employment Programme. The other components are the Indigenous Small Business Fund and Job Network.

### The Indigenous Employment Programme

The Indigenous Employment Programme (IEP) operates in a parallel and complementary way with the Job Network, recognising that the characteristics of indigenous unemployment require additional scope to intervene, including in strategic ways. The Job Network is, however, the channel through which the main volume of employment assistance will be delivered to indigenous people.

IEP has a key focus on supporting on-going employment opportunities that can lead to a sustainable improvement in participants' economic status. A strategy used here is priority attention to accredited employment based training such as traineeships and apprenticeships. Another major focus is on improving the levels of participation of indigenous people in private sector jobs. The Department has estimated that more than two thirds of all jobs held by indigenous people are reliant to some extent on public funding, including indigenous community organisations and in the government sector.

The Indigenous Employment Programme has several elements, outlined below. The principal elements are Wage Assistance and Structured Training and Employment Projects (STEP). The budget for the Programme was announced as \$50 million, doubling the \$25 million formerly available for the Training for Aboriginal and Torres Strait Islanders (TAP) Programme.

#### Wage Assistance

The Wage Assistance scheme pays \$4000 over 26 weeks to employers providing ongoing job opportunities. A \$2000 incentive for ongoing part time jobs is also available. Operational focus is placed on jobs in the private sector. Opportunities are self canvassed by job seekers, or through Job Network Members. Self canvassing cards are mailed to all eligible job seekers on the Centrelink register each 6 months, and when job seekers register with Centrelink. Job seekers must be registered as unemployed with Centrelink and in receipt of an income support payment (this includes CDEP). Around 46,000 registered indigenous job seekers have been identified as eligible and have been issued with a card.

The scheme opened for business on 1 July 1999 and is administered centrally from Canberra – funds are not allocated to DEWRSB State office level. The Department’s national network of indigenous employment officers plays an important role in promoting the scheme to job seekers, Job Network Members, and employers, and in facilitating placement opportunities. Take up by employers has been increasing progressively. Around 2,600 placements of unemployed indigenous people have now been recorded under Wage Assistance. A significant proportion of the placements are in regional areas.

### **Structured Training and Employment Projects (STEP)**

This scheme provides structured training and employment opportunities, usually involving new apprenticeships, for five or more people. Focus is placed on support for strategic agreements with large or regionally significant employers, and other projects offering prospects of permanent employment. Projects often include pre employment training articulating into jobs.

The scheme is administered by State offices of the Department, against budget allocations and targets agreed with National Office, and under guidelines which specify average placement costs. Each year a joint planning process is undertaken to agree funds allocations. The process takes into account numbers on the Centrelink register at State level, as well as State Managers’ assessment of business prospects. States can choose to advertise for communities to submit funding proposals, in addition to targeting their business search efforts. Over 220 projects have been approved since 1 July, to provide around 4,900 placements this year and beyond. Around 1,100 have commenced employment in this programme since 1 July 2000.

Participants must be indigenous persons in accordance with the Commonwealth definition, with the project sponsor responsible for taking steps to ascertain this. Participants need not be registered with Centrelink.

### **CEOs for Indigenous Employment Project**

CEOs from a total of 46 major Australian companies have signed a commitment to providing more employment opportunities within their organisations. Allocation of funds is entirely driven by the location of the opportunities arising. As for STEP, participants need not be registered with Centrelink, and project sponsors are accountable for ascertaining individuals’ eligibility.

### **CDEP Placement Incentive**

Community Employment Development Projects (CDEPs) receive a bonus of \$2000 for each of their participants placed in a full time job and off CDEP. Project managers must provide evidence that the participant is off their schedule and in employment for at least 13 weeks for payment to be made. As for Wage Assistance, the scheme is centrally administered, with indigenous employment staff promoting the scheme to CDEP management and facilitating applications as required. There have been around 200 placements since the scheme commenced in September 1999. Programme settings are being considered with a view to increasing take up by CDEP schemes.

### **National Indigenous Cadetship Project**

Provides indigenous undergraduates with opportunities to complete a professional qualification studying full time, together a commitment from an employer to a professional job on successful completion. The scheme is advertised in September each year, with employers reviewing applications and making employment decisions early the following year. Employers are reimbursed for participants’ study allowances up to \$10,000 per year.

A total of 92 cadetships have been approved for academic year 2001, with 34 in the private sector. A key issue for the Department is matching employer demand for students in particular disciplines with student applications. The number of cadetships supported is expected to increase over time with the increasing participation of indigenous people in tertiary education. Cadets come from all States, but participants are likely to continue to be from urban areas with greater access to educational opportunities and from relatively more advantaged circumstances.

### **Voluntary Services to Indigenous Communities Foundation**

The Foundation will utilise skilled volunteers to provide for the short term needs identified by indigenous communities for business, financial and technical skills and mentoring. Appointments of board members are being finalised. The foundation commenced operation in June 2000 with the Commonwealth providing \$0.5 million each year for three years. Three projects will soon be piloted. It is expected that most of the foundation's activity will be in rural and remote communities.

Other components of the Indigenous Employment Policy are the Indigenous Small Business Fund and the Job Network:

### **The Indigenous Small Business Fund**

The Indigenous Small Business Fund was announced in the Indigenous Employment Policy in May 1999 and was launched on 20 October 1999.

The aim of the Indigenous Small Business Fund (ISBF) is to seek greater economic independence and employment creation through increasing the numbers of viable businesses owned and operated by indigenous people.

The funding of \$11m over three years comes from:

- DEWRSB – Regional Assistance Programme - \$5.5 million
- DEWRSB – Small Business Enterprise Culture Programme – \$0.5 million
- ATSIC - \$5 million

The ISBF provides funding to indigenous organisations and to indigenous individuals on the basis of applications received.

For indigenous organisations, the ISBF will provide funding for projects which identify and facilitate indigenous business opportunities, including by:

- a) providing entrepreneurship and business facilitation training;
- b) identifying possible business opportunities, including feasibility studies at the local level or more broadly;
- c) clarifying business opportunities and developing business plans and proposals; and
- d) providing advice or support services to small business owner/operators in developing their skills, markets and networks.

Indigenous individuals may apply for assistance in developing their own business ideas into a business plan where these are likely to have commercial potential. The Fund is available throughout Australia.

## Supplementary information on the Work for the Dole Programme

---

### Work for the Dole programme features

The Work for the Dole programme provides work experience opportunities and activities for eligible job seekers. In addition, job seekers who are 18 years old or more and receiving the full rate of Newstart Allowance or Youth Allowance may volunteer to participate in Work for the Dole.

It is difficult to compare Work for the Dole and CDEP as they are very different programmes with varying features. A comparison of the programmes highlighting the main differences follows below

### Work for the Dole funding and management arrangements

The Community Work Coordinator funding model for Work for the Dole was implemented in January 2000. Community Work Coordinators (CWCs) are organisations that develop Work for the Dole projects in consultation with other community groups and manage the placement of eligible job seekers into these projects. CWCs are incorporated organisations that were selected by competitive tender. They place participants in projects organised by the CWCs themselves or by sponsor organisations.

Sponsor organisations must be not-for-profit organisations, such as charities, church and religious groups, local community associations and service organisations, local, State and Commonwealth Government organisations and agencies. A CGC may also be a sponsor if it is a not-for-profit organisation. Sponsor organisations:

- o provide work experience for participants;
- o work with the Community Work Coordinator in managing the placement and work experience;
- o manage the Work for the Dole projects/activities, and
- o manage and supervise Work for the Dole participants.

CWCs are paid a management fee for each job seeker that commences a Work for the Dole placement. This enables them to provide services such as generating and developing work experience opportunities, liaison with Centrelink, interviewing eligible job seekers, monitoring sponsor organisations and participants and reporting to the Commonwealth.

CWCs enter contracts with sponsor organisations to provide work experience opportunities. A Work Experience fee is paid to sponsors to cover items such as supervision of Work for the Dole participants, lease of capital equipment, additional participant insurance (if required), training and protective clothing for each participant. This fee is paid by the Commonwealth to the sponsor as an agent of the CWC. The Work Experience fee is outlined in the Activity Application form completed by the sponsor organisation. The sponsor organisation may arrange with the CWC to provide services such as training or supervision.

## Work for the Dole geographic coverage

There are three Employment Service Areas (ESAs) that do not have coverage:

- o East Kimberley
- o Tennant Creek
- o Christmas and Cocos Islands

## Work for the Dole – Work Experience Fee payments

Since the initial contracts were signed, there has been a variation on the payment of WEF. This variation introduced a sliding scale of payments where the Department is satisfied that all possible steps were taken to ensure that projects ran at maximum capacity.

Without the variation, CWC/sponsor organisations stood to receive payments which fall significantly short of the overall project budget. With the variation, a CWC will be paid for 100 per cent of the approved placements if they can demonstrate that they have taken all possible steps to fill the project and have achieved 75 per cent of the required number of placements over the relevant payment period for that project. We expect CWCs to also pay sponsor organisations for additional placements that we have paid for over and above those actually completed. Where a CWC achieves less than 75% of approved placements for a given project, the contract variation allows the CWC to still receive some additional payment based on a sliding scale if again, they can demonstrate that all possible steps to fill the project were taken.

The following table illustrates how the sliding scale will be applied:

<u>% places achieved</u>	<u>% payment made at the end of an activity</u>
75% and above	100%
74%	99%
73%	98%
72%	97%
71%	96%
70%	95%
69%	94%
68%	93%
67%	92%
66%	91%
65%	90%
64%	89%
63%	88%
62%	87%
61%	86%
60%	85%
59%	84%
58%	83%
57%	82%
56%	81%
55% or less	80%

For example, if 74 per cent of placements on an individual activity have been achieved, and it has been determined that the Community Work Coordinator has done everything possible,

payment will be made based on an achievement of 99 per cent of the maximum number of approved placements. Similarly, if a Community Work Coordinator reaches 55 per cent or less they will retain the advance payment of 80 per cent, but no further monies in respect to the activity will be paid, apart from up to 50% additional commencements. (That is, if the activity was approved for 10 places, 15 commencements may be made to achieve the approved places.)

Factor	Work For the Dole	Community Development Employment Projects (CDEP) scheme
Objectives	<ul style="list-style-type: none"> <li>• Foster appropriate work habits               <ul style="list-style-type: none"> <li>• Involve the local community in projects that provide for young people and help young people at the end of projects.</li> <li>• Provide communities with projects of value to the whole community</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• To provide the opportunity for indigenous people to voluntarily work in community managed activities which contribute to economic, social and community development and cultural maintenance.</li> </ul>
Main features	<ul style="list-style-type: none"> <li>• WFTD is a work experience programme               <ul style="list-style-type: none"> <li>• No employer/employee relationship</li> <li>• WFTD is based on the principle of mutual obligation (eligible jobseekers defined below may be compulsorily referred)</li> <li>• Participants are regarded to be unemployed.</li> <li>• WFTD commenced 1997</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• CDEP has training &amp; employment strategies</li> <li>• Employer/employee relationship exists</li> <li>• CDEP has reciprocal (mutual) obligation principles and participation is voluntary</li> <li>• participants not included in unemployment statistics</li> <li>• CDEP commenced 1976</li> <li>• CDEP participants can stay registered with Centrelink, etc</li> </ul>
Sponsor Organisations (including oncosts)	<ul style="list-style-type: none"> <li>• Community Organisations</li> <li>• Government Organisations with community based projects.</li> <li>• Must not displace existing workers</li> <li>• Funding for project costs.</li> </ul>	<ul style="list-style-type: none"> <li>• incorporated body eligible for ATSI funding               <ul style="list-style-type: none"> <li>• Indigenous community organisations</li> <li>• displacement of workers not a factor</li> <li>• oncosts for CDEP sponsors of \$2,600 pa</li> <li>• CDEP organisations pay workers compensation premiums</li> </ul> </li> </ul>
Participant Eligibility	<p>Participants must be:</p> <ul style="list-style-type: none"> <li>• on full rate of unemployment payment</li> <li>• 18 to 19 year old Year 12 school leavers who have been receiving YA for three months; or</li> <li>• 18 to 24 year old who have been receiving NSA or YA for six months or more; or</li> <li>• 25 to 34 year old who have been receiving NSA or YA for 12 months or more.</li> </ul>	<ul style="list-style-type: none"> <li>• age 16+ &amp; eligible for NSA, YA or SPP but persons age 15 and receiving YA are eligible               <ul style="list-style-type: none"> <li>• be accepted as a member of the Aboriginal or Torres Strait Islander community/ organisation/ group which is on CDEP</li> <li>• no minimum period of unemployment</li> </ul> </li> </ul>



Factor	Work For the Dole	Community Development Employment Projects (CDEP) scheme
Payment Arrangements	<ul style="list-style-type: none"> <li>• Participants continue to receive unemployment payment from Centrelink</li> <li>• Participants work 2 six hour days if aged 18 - 20 and 2 and ½ six hour days. This is based on the National Training Wage Level C.</li> <li>• Participants retain eligibility for Centrelink allowances such as Rent assistance, Health Care Concessions etc</li> <li>• an additional \$20.80 per fortnight supplement is paid to participants</li> </ul>	<ul style="list-style-type: none"> <li>• CDEP participant paid wages from CDEP wages component-calculated quarterly. The CDEP determines rate of pay and hours of work offered and each participant must be offered the opportunity to work sufficient hours to earn at least the equivalent of DSS entitlement they would otherwise be on</li> <li>? Centrelink allowances cease on CDEP commencement-except for Sole Parent Pensioners Participants with dependents (who are not SPPs) can access RA and HCC through family payments</li> <li>? CDEP participants liable for PAYE tax</li> <li>• Can undertake other part time work both form within and outside the CDEP (financial limitations apply – refer CDEP guidelines)</li> </ul>
Activity Requirements	<ul style="list-style-type: none"> <li>• Participants must continue to satisfy obligation to continue job search activities.</li> <li>• Breach provisions apply to participants who do not satisfy terms of Work for the Dole</li> <li>• Unemployment payment reduced as penalty.</li> </ul>	<ul style="list-style-type: none"> <li>• CDEP participants do not have to satisfy job search requirements</li> </ul>
Time limits for participation	<ul style="list-style-type: none"> <li>• WFTD participation limited to 6 months</li> </ul>	<ul style="list-style-type: none"> <li>• CDEP participation not time-limited</li> </ul>

