

OECD Reviews on Local Job Creation

Indigenous Employment and Skills Strategies in Australia



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Foreword

There are around 38 million Indigenous people across 12 OECD countries. Too often, they face large gaps when looking at economic, employment, and social measures. Improving access to labour market and training opportunities can enable Indigenous people to harness their potential, while building a stronger and more inclusive local economy.

Ensuring that Indigenous people have access to good employment opportunities is a clear priority for the Australian Government. A series of targets have been introduced under the *Closing the Gap* initiative to deliver better education and employment outcomes. In 2018, four of the seven targets expired and since this time, Commonwealth, State and Territory governments have agreed to a *Closing the Gap* Refresh, which places a priority on working closer with Indigenous Australians to co-design and implement the next phase of targets.

To get people into work, the Department of Employment, Skills, Small and Family Business manages a number of employment programmes including *jobactive* - a network of employment service providers that operates in 1 700 locations across Australia. Indigenous Australians have access to *jobactive* as well as a range of other targeted programmes and services, such as Vocational Training and Employment Centres, Disability Employment Services, and Transition to Work. The Australian Government is set to roll out a new employment services model in 2022. This OECD report hopes to inform potential new directions for the design of employment services, especially as it relates to improving outcomes for Indigenous Australians.

This report considers both quantitative and qualitative data regarding employment, skills, and entrepreneurship opportunities for Indigenous Australians. Case studies focusing on local employment and training organisations in Sydney, New South Wales and Perth, Western Australia were undertaken to better understand how programmes are being implemented to match Indigenous Australians to jobs. In-depth interviews were undertaken with Olympus Solutions Limited, Replay, the Yarn'n Aboriginal Employment Service, atWork Australia, the Wirrpanda Foundation, the Aboriginal Employment Consultancy Group and PEEDAC. Results from this study were also discussed at a joint OECD-Department of Employment, Skills, Small and Family Business workshop in October 2018 at the National Centre for Indigenous Excellence, bringing together a number of the case study representatives as well as other Indigenous community leaders across Australia.

This report is part of a wider body of work on Indigenous people within the OECD Centre for Entrepreneurship, SMEs, Regions and Cities. This report is part of the OECD Reviews on Local Job Creation, which is included in the Programme of Work and Budget of the OECD's Local Economic and Employment Development (LEED) Programme. Throughout this report, the term Indigenous Australians is used to encompass both Aboriginal Peoples and Torres Strait Islander Peoples.

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The project is co-ordinated by Jonathan Barr, Head of the Employment and Skills Unit within the Local Employment, Skills and Social Innovation (LESI) Division of CFE under the supervision of Karen Maguire, Acting Head of Division. The principal authors are Jonathan Barr and Lindsey Ricker (OECD/CFE). Michela Meghnagi (OECD/CFE) and Alessandro Kandiah (OECD/CFE) also made significant contributions to this report.

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Acronyms and Abbreviations

ECEC	Early Childhood Education and Care
ERG	Employee Resource Groups
ICT	Information, Communications and Technology
LEED	Local Economic and Employment Development
LFS	Labour Force Survey
LMI	Labour Market Information
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organisation
NHS	National Household Survey
OECD	Organisation for Economic Co-operation and Development
PIAAC	Programme for the International Assessment of Adult Competencies
PISA	Programme for International Student Assessment
POPCTR	Population Centre
PUMF	Public Use Microdata Files
RDA	Regional Development Agency
SES	Socio-Economic Status
SIN	Social Insurance Number
SME	Small and Medium-sized Enterprise
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
VET	Vocational Education and Training

Executive Summary

Finding a good job is critical to improve an individual's overall socio-economic status, but Indigenous Australians face a number of barriers to employment. Indigenous Australians had labour market participation rates 19.9 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 non-Indigenous Australian unemployment rate of 6.8% in 2016.

Through targets established under *Closing the Gap*, the Australian Government aimed to halve the gap in the employment rate between Indigenous and non-Indigenous Australians by 2018. Recent data show that this target has not been achieved and in fact, the gap has increased to 25.2% since 2006. A new draft target will aim for 60% of Indigenous Australians aged 25-64 years to be employed by 2028 – it was 46.6% in 2016.

Innovative ways of working with Indigenous Australians are needed to improve their employment prospects, especially as many work in jobs that are most likely to be impacted by digitalisation and automation in the future. Australia's network of employment services, *jobactive*, aims to connect jobseekers, including Indigenous Australians with employers. Indigenous Australians represented 9.5% of the overall *jobactive* caseload in 2015, whereas in the first quarter of 2019, this has increased to 11.5%. The Indigenous caseload has been rising as non-Indigenous job seekers are leaving the caseload quicker than Indigenous job seekers.

The OECD consulted with a number of local employment and training organisations in the cities of Sydney, New South Wales, and Perth, Western Australia to gain insights into the delivery of employment and skills programmes to Indigenous Australians. A key principle emerging from this case study work is that programmes achieve the best outcomes when they are Indigenous-led and Indigenous centred. This means having culturally competent front-line staff who are either Indigenous or have the relevant capacity and training to assist Indigenous Australians achieve their employment aspirations. While placing people into a job is critical, it is also fundamental to ensure Indigenous Australians have stronger access to pre-employment supports, such as literacy and basic skills training as well as mentoring to prepare for the labour market. Local partnerships between levels of government (e.g. Commonwealth, State, and Territory) and Indigenous Australians can embed community ownership into the delivery of programmes and services. Going forward, the government should consider the following recommendations to improve outcomes for Indigenous Australians.

Building the skills of Indigenous Australians

- **Move Indigenous Australians up the skills ladder:** 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.

- **Use high-level apprenticeship programmes to provide on the job training to Indigenous Australians at a higher skills qualification:** 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.
- **Embed mentorship into the delivery of employment and training programmes:** 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.

Connecting Indigenous Australians to jobs

- **Promote place-based employment programmes that advance Indigenous self-determination and empowerment:** 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.
- **Strengthen the capacity of providers to deliver Indigenous-centred employment programmes:** 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.
- **Work with employers to promote cross-cultural training:** 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.
- **Enhance access to pre-employment supports to encourage a sustainable job match:** 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 on a strong focus on these service delivery principles.
- **Promote stronger local partnerships by reducing administrative burden:** 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.

Fostering Indigenous job creation in urban areas

- **Promote stronger community engagement with Indigenous Australians:** 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.
- **Better track Indigenous entrepreneurship activities that provide new avenues for job creation:** The government could strengthen efforts to promote entrepreneurship education among Indigenous Australians with a strong focus on coaching, training and peer learning.
- **Continue to use procurement policies to promote social inclusion:** Commonwealth, State and Territory governments often inject social procurement clauses when awarding government contracts. It is critical to look for opportunities to inject social procurement clauses within infrastructure projects being implemented in regions and cities across Australia to advance Indigenous employment and skills training opportunities.

Assessment and recommendations

The context for this OECD report

In some OECD countries, Indigenous people represent an important and growing demographic group with a unique set of cultures and customs. However, many face significant challenges in finding quality employment and economic development opportunities. Well-designed and targeted programmes can assist Indigenous people in developing skills to find long-term employment, while also contributing to broader economic development objectives and inclusive growth.

The primary focus of this report is on challenges and opportunities pertaining to Indigenous Australians living in cities and other urban areas. The work seeks to understand what programmes practices have been successful in closing the gap in employment outcomes. It explores key trends, policies and programmes in the following areas: 1) building the skills of Indigenous Australians; 2) connecting Indigenous Australians to jobs; and 3) fostering Indigenous job creation in urban areas. Drawing on lessons from case study work, the report aims to highlight key programme principles which can inform future policy development in Australia. Throughout this report, the term Indigenous Australians refers to both Aboriginal Peoples and Torres Strait Islander Peoples.

A persistent gap in labour market outcomes between Indigenous and non-Indigenous Australians

In 2018, Australia's unemployment rate was 5.2%, which was on par with the overall OECD average. Unemployment has been declining steadily since 2009, when it stood at 8.1%. Youth unemployment stood at 11.8% in 2018, which is down from 16.6% in 2009. While these indicators point to a healthy labour market, they mask some significant labour market challenges facing Indigenous Australians.

In 2016, the labour market participation rate of Indigenous Australians stood at 57.1%, which was significantly below the non-Indigenous Australian rate of 77.0%, a gap that has not improved over the last decade. There is also a gap of 25.2 percentage points when comparing the employment rate of Indigenous and non-Indigenous Australians, which has not improved recently either. Unemployment for Indigenous Australians stood at 18.4% in 2016, which was almost three times the non-Indigenous rate of 6.8%. This unemployment rate gap of 11.6 percentage points has increased from 10.5 percentage points in 2006. The unemployment rate for younger Indigenous Australians (ages 15-24 years) sits at 27%, which is almost double the rate of non-Indigenous Australians (14%).

There are approximately 798 365 Indigenous Australians, representing about 3.3% of Australia's total population. Since 1996, the share of Indigenous Australians living in urban areas has increased from 73% to 79%. This has been mainly driven by the larger proportion of Indigenous Australians living in cities, which rose from 30% to 35% between 1996 and 2016. As a demographic group, Indigenous Australians tend to be younger, have a higher fertility rate, and represent an increasing source of labour supply for the economy.

Globalisation, digitalisation, and automation are fundamentally altering the world of work in Australia. About 36% of Australian jobs face a significant or high risk of automation. While this is less than the OECD average (46%), it means that a sizeable share of adults will need to upskill or retrain to meet the needs of future jobs. Future labour market trends will be a real challenge for policy makers in Australia as Indigenous Australians typically work in jobs requiring lower levels of skills, which face the highest risk of being automated over the long-term. They are typically employed in construction, health care and social assistance, as well as public administration and safety jobs. They are less likely to be employed in professional, scientific and technical services or finance and insurance jobs. Indigenous men are in jobs most at risk of automation because they tend to be over-represented in jobs that require lower-levels of skills and within industries facing structural adjustment.

Transforming Indigenous employment services

The Australian Government has prioritised Indigenous employment and there are a number of policies and programmes in place at the Commonwealth and local level. At the Commonwealth level, targets were established through the *Closing the Gap* agenda with the goal of achieving parity in employment outcomes. Four of these seven targets expired in 2018, including one which aimed to halve the gap in employment. The Council of Australian Governments (COAG) which is an inter-government forum bringing together Commonwealth, State and Territory governments agreed to refresh the *Closing the Gap* agenda. A formal partnership agreement between COAG and the National Coalition of Aboriginal and Torres Strait Islander Peak Organisations came into effect in March 2019, a key commitment of which was the creation of a new Joint Council on *Closing the Gap*. The COAG statement on this emphasises the importance of partnerships with Indigenous Australians guided by the principles of empowerment and self-determination. The new draft targets around employment for 2028 are 65% of Indigenous Australian youth (15-24 years) in employment, education or training and 60% of Indigenous Australians aged 25-64 years employed.

Employment services have an important role in connecting Indigenous Australians to available jobs in the labour market. Previous OECD work in Australia has highlighted the effectiveness of the Australian employment services model, which devotes funding to unemployed job seekers based on their level of disadvantage. As such, a Job Seeker Classification Instrument is used to assign job seekers to a stream of services – either A, B, or C – with A being the least disadvantaged and C being the highest level of disadvantage in the labour market.

Within Australia, *jobactive* is one of the key employment programmes connecting job seekers with employers. It is delivered by a network of service providers across 1 700 locations in Australia. Each service provider has intimate knowledge of the local labour market in which they deliver programmes and services. *jobactive* replaced Job Services Australia in 2015 with a five year operational mandate.

The Australian Government is currently in the process of planning the future of employment services. The most recent budget announced that a new model is being piloted from July 2019 before being rolled out nationally from July 2022. This model is currently being piloted in Adelaide, South Australia and Mid North Coast, New South Wales. The new settings will be tested and evaluated and enhancements made through a co-design process with providers, employers and job seekers. The Australian Government will work closely with providers in these regions to establish and deliver the pilots. The new model

places a strong emphasis on “going digital”, while also providing more flexibility to service providers to better cater their services to enhance employability options for more disadvantaged job seekers. The pilot will test five key aspects of a new employment services model, which include: 1) aspects of a new job seeker assessment framework; 2) new Digital Plus service and Enhanced Services offerings; 3) a flexible, points-based mutual obligations system; 4) performance management and payment structures; and 5) how employers engage with the new system.

The Trial locations were selected to test how the new model can best support Indigenous job seekers. As part of the Enhanced Services offer, providers will be incentivised to deliver tailored and culturally appropriate support. The Trial will also examine how the new model interacts with complementary employment and training programmes. While the Trial will not test the new licencing approach, the new model will allow for specialist providers, including specialists in supporting Indigenous job seekers.

In addition to *jobactive*, the government has a suite of Indigenous-specific programmes that aim to achieve better employment outcomes. This includes 31 Vocational Training and Employment Centres (VTECs) across Australia. VTECs work with employment services, Indigenous communities and industry employers to source, train and support Indigenous Australians into jobs. VTEC providers prepare Indigenous Australians for a guaranteed job before the job starts, and then provide ‘wrap around’ support for the first 26 weeks of work, at no cost to the employer. VTECs operate with the support and involvement of local Indigenous communities and their leaders.

The Australian Government also funds Tailored Assistance Employment Grants (TAEG) to connect working age Indigenous Australians with real and sustainable jobs as well as assisting Indigenous students to transition from education into the labour market. TAEG has been designed to respond flexibly to local employment conditions with streams of support available to 1) provide training and post-placement support; 2) assist Indigenous students to complete their studies while providing practical work experience; and 3) support apprenticeship and traineeship opportunities for vocational training and senior secondary school studies.

Employment services in Australia will need to continually evolve to be responsive to new labour market trends. While automation will likely bring positive impacts on the overall productivity of a local economy, it also has the potential to exacerbate barriers to employment for Indigenous Australians. Indigenous Australians who have been unemployed or discouraged from looking for work require access to a comprehensive menu of employment and training supports customised to their unique values and cultural identity. This requires a local network of programmes and services working toward a strong vision, supported by leadership – both from Indigenous Australians and employers. No single organisation can work in isolation and expect to achieve better employment outcomes. The Australian Government should consider the following recommendations to better promote Indigenous employment outcomes over the long term.

Building the skills of Indigenous Australians

Move Indigenous Australians up the skills ladder

Skills are a fundamental pre-condition for employment success. People with higher literacy, numeracy, and digital problem-solving skills have better labour market outcomes. In fact, an additional year of completed formal education is associated with an increase in the likelihood of being employed of about one percentage point and increased wages by

12%. The number of Indigenous Australians holding Certificate III and IV level qualifications rose from 28 200 in 2006 to 70 900 in 2016, an increase of more than 150%. Furthermore, the number of Indigenous Australians aged 15-64 attending university or another tertiary institution more than doubled from 7 000 in 2006 (2.6% of the Indigenous Australian population) to 15 400 in 2016 (3.9%).

Indigenous Australians tend to be overrepresented in certificate III level attainment and underrepresented in higher level qualifications, such as advanced diplomas/degrees, bachelor degrees, graduate diplomas/degrees, and postgraduate diplomas/degrees. The gap between Indigenous and non-Indigenous Australians is particularly high when looking at education attainment in bachelor degrees, where it stands at 12 percentage points.

Lower levels of skills is therefore one important factor in explaining disparities in employment outcomes between Indigenous and non-Indigenous Australians as well as a concern for future employment. Projections produced by the Department of Employment, Skills, Small and Family Business show that jobs requiring a Bachelor degree or higher qualification are likely to grow by 10% or 400 000 jobs between 2019-2024.

The case studies for this OECD report in Sydney and Perth highlighted the importance of gearing training opportunities to sectors facing shortages, such as health care and education. Several of the providers have set-up outcome-based partnerships with local training institutions to deliver programmes that lead to an accredited qualification. Many of the providers are focused on delivering literacy and basic skills training recognising that it remains a significant barrier for Indigenous Australians to find a job.

There are also a number of targeted national programmes in Australia which aim to build the skills of Indigenous Australians at both the vocational and higher education level. This includes the Higher Education Participation and Partnerships Program, the Australian Indigenous Mentoring Experience (AIME), Indigenous Student Success Programme, as well as support for Indigenous higher degrees. Given the overall increase in the number of Indigenous Australians participating in educational opportunities, these programmes are having a positive impact.

It is important that vocational and higher education institutions make space for indigenous values within their organisations. Successful participation of Indigenous Australians in formal education and training programmes often involves learning the “academic culture” of institutions, which may be in conflict with Indigenous values. This would include the direct employment of Indigenous administrators, teachers, tutors, and support staff within vocational and higher educational institutions. It would also include involving Indigenous communities in the development of course curriculum and delivery.

Australia can look to other OECD countries for different strategies that can be pursued to improve overall skills attainment. In Canada, Indigenous-led education and training institutions have been set-up to promote Indigenous learning institutions that aim to inject Indigenous culture into programme curriculum and delivery. In New Zealand, university presidents regularly convene to discuss different strategies to improve Indigenous student outcomes. This has raised the awareness of senior leadership with these institutions on how curriculum and course delivery needs to be adapted to ensure Indigenous student success.

Higher-level apprenticeship programmes could provide pathways for Indigenous Australians to raise their skills levels

Apprenticeship programmes are designed to combine skills development in both the classroom and directly on the job. Apprenticeships gained a lot of traction across the OECD

following the Global Financial Crisis given that countries with strong apprenticeship systems, such as Germany and Austria, maintained relatively low levels of youth unemployment. In Australia, there are both apprenticeships and traineeships, which aim to smooth the transition from school to work. Apprenticeships usually last 3-4 years focusing on trade-related jobs whereas traineeships tend to last 1-2 years and focus on service-related occupations. Both apprenticeships and traineeships require a contract of training and combine on- and off-the-job training.

As training pathways for Indigenous youth in Australia, apprenticeship and traineeship programmes have strong potential to ensure that training is relevant to industry needs and leads to a good job. In recent years, there has been an overall decline in the take-up of apprenticeships in Australia, with registrations more than halving from 376 900 in 2011-12 to 162 600 in 2016-17. However, Indigenous Australians make-up a higher proportion of overall apprenticeship participation than non-Indigenous Australians.

In general, more can be done to provide strong labour market information to young Indigenous Australians about the job opportunities and expected wages available through apprenticeship training. There are also opportunities to promote Indigenous apprenticeship participation among employers through direct marketing campaigns as well as business-to-business campaigns to demonstrate the benefits of apprenticeship training. Registered Training Organisations (RTOs) in Australia could actively work with employers on a regional or sector basis to help ease some of their administrative burden to offer apprenticeships, especially for Indigenous Australians. For example, RTOs could assist employers to register Indigenous apprentices and reduce the administrative paperwork during the duration of the apprenticeship programme – often a critical barrier facing SMEs when trying to participate in apprenticeships because they do not necessarily have a human resources function.

Going forward, the government could also look at the potential of higher apprenticeship programmes as a way of improving overall skills attainment among Indigenous Australians. While not targeted to Indigenous Australians, higher level apprenticeship programmes are being tested in Australia leading to a qualification at the diploma and advanced diploma level. Lessons from the United Kingdom show that higher apprenticeship programmes can be successful in leading participants into a sustainable job. According to government figures, 90% of apprentices in England stayed on in employment after completing their qualification, of which 71% stayed with the same employer.

Embed mentorship into the delivery of employment and skills training programmes

Mentoring is critical to both build the motivations of Indigenous Australians to participate in the labour market but also to ensure employment retention. Within the workplace, mentors are critical in establishing trust and strengthening employee-employer relations. In many cases, Indigenous Australians have extended family, social obligations and cultural responsibilities that many mainstream workplace managers do not always understand. These responsibilities often mean that they might require days off work that are not traditionally taken, which can negatively impact the sustainability of a job.

Within the delivery of employment services, *jobactive* mentoring support allows providers to use the Employment Fund to purchase the services of specialist Indigenous mentors to provide pre- and post-placement support to Indigenous job seekers and their employers. All providers interviewed for this OECD study highlighted the different ways in which they are promoting mentorship to both match Indigenous Australians to jobs but also to

encourage employers to create workplaces that facilitate Indigenous employment. Many of the providers consulted for this OECD report are using this flexibility within the Employment Fund to support mentoring opportunities.

While there are already a number of interesting national initiatives, the Government should consider increasing the use of mentorship as a tool for supporting Indigenous employment. For example, the Australian Government could look to expand workplace mentoring programmes focusing on Indigenous Australians. More awareness campaigns to employers could be also be examined to highlight the important role that mentoring plays in promoting sustainable employment opportunities.

Connecting Indigenous Australians to jobs

Place-based employment strategies can advance the principles of self-determination and empowerment

A key principle highlighted from the case studies consulted for this OECD report is the importance of Indigenous leadership within the management and implementation of employment programmes. When programmes are directly managed and delivered by Indigenous Australians, they are more likely to address the culturally-specific barriers facing this group.

The Australian Government has invested in a trial programme for place-based employment services in the Indigenous community of Yarrabah in northern Queensland. The trial has involved the establishment of a new local community organisation to deliver employment support to the community. The Australian Government committed an additional AUD 5 million for a flexible funding pool available to support the delivery of the model, assist in building capacity of the service provider and deliver local employment and economic development projects. The objectives of the trial are to respond to the needs of the Yarrabah community and to build its capacity to inform and set service delivery priorities. The trial presents an opportunity to test a different approach to the delivery of employment services for Indigenous Australians.

Key elements of the model include local community leadership, culturally appropriate service delivery, community involvement in decision making, targeting the interests of participants and linkages to training, employment or a social outcome. While the pilot was just introduced in July 2018 and evaluation results will not be available for a while, this type of place-based programme can help ensure that Indigenous Australians are provided with a chance to co-design and directly deliver more integrated services in their community.

Going forward, a place-based approach may have the benefit of encouraging a “one-stop shop” model, where a range of employment, skills development and other social supports such as housing and child care can be offered in one location at the community level. Many of the providers consulted for this OECD study noted the importance of full wrap-around and intensive supports to Indigenous Australians, including life coaching and counselling, housing supports, as well as other personal services, such as child care. Opportunities for place-based approaches to Indigenous employment could be considered within the new employment services model as an opportunity to address the multi-faceted barriers that Indigenous Australians face in trying to enter and remain in the labour market.

Build the capacity of providers to deliver Indigenous employment programmes

A 2018 survey by the National Employment Services Association of 2 251 frontline workers revealed that about 6% of staff identified as being Indigenous. In line with the principle of Indigenous programmes being directly delivered by Indigenous Australians, there are opportunities to build capacities with the employment services sector to ensure there are more Indigenous front-line staff.

Ensuring that service providers are culturally competent is critical to the delivery of successful programmes for Indigenous Australians. Facilitating the growth of Indigenous organisations and enabling them to deliver services (mainstream and Indigenous specific) will ensure that Indigenous Australians have access to appropriate and culturally competent support that connects, and reduces the barriers, to employment.

The Australian Government is already working with mainstream providers to ensure that they are culturally competent and understand the unique characteristics and experiences of Indigenous Australians. For example, the Department of Employment, Skills, Small and Family Business is convening a National Indigenous Employment Forum to support collaboration between employment service providers to discuss practical approaches to servicing Indigenous job seekers. The Department also supports existing providers through face-to-face training, provider workshops, and the sharing of best practices. It should also be noted that *jobactive* providers are generally required to have and implement Indigenous capability strategies, which is considered as part of the procurement process for deciding on which providers will deliver services. Indigenous capability strategies are meant to map out how organisations will deepen their understanding of Indigenous culture to support national reconciliation while also articulating specific actions to improve employment.

The government should continue this important work with the employment services sector. Professional development programmes and knowledge exchanges within the sector to share best practices about service design principles will strengthen the capacity of the employment services sector overall. Key lessons emerging from the case studies in Perth and Sydney show that culturally appropriate services make a difference in fostering trust between the provider and the job seeker.

Work with employers to promote cross-cultural training

It is important to recognise that Indigenous employment is not just a government initiative – private sector leadership is critical. Employers in Australia must also work to close the gap and adopt appropriate Indigenous hiring practices. There are a number of good practices already underway in Australia but there is also a clear opportunity to promote more employer leadership in driving better employment outcomes. For employers, this requires good human resources management policies within the workplace that support diversity and Indigenous employment.

Training programmes that aim to develop awareness and knowledge needed to interact appropriately and effectively with Indigenous Australians should be an important element in every firm's human resources strategy. Furthermore, Indigenous cultural awareness should be closely linked to mission statements, policies, organisational values and service delivery objectives. A culturally aware workplace should be free of racism and a safe and inclusive environment for Indigenous Australians.

Many of the providers consulted for this study are actively working with local firms to promote and develop cultural awareness training policies and Reconciliation Action Plans,

which provide a framework to create greater unity between Indigenous and non-Indigenous Australians.

The government can work with large and small companies to help identify employers who are adopting successful Indigenous employment human resources practices. More can also be done to work with employer associations, such as the chambers of commerce as well as various sector bodies, to promote Indigenous employment and identify firms that are creating culturally sensitive workplaces. The government could even consider a national awards or recognition programme for employers that are making a difference in Indigenous employment. The government could also work with facilitators or intermediary bodies to create products and services for employers that aim to create inclusive workplaces for Indigenous Australians. It is particularly important to work directly with firms to look at issues pertaining to corporate leadership, communications/marketing, procurement and Corporate Social Responsibility (CSR).

Enhanced access to pre-employment supports and services can help ensure a sustainable job

Many Indigenous job seekers require long-term strategies and employment interventions to get them into a position of employment readiness as a pre-condition for a quality job. OECD research has consistently highlighted that while work-first strategies can be effective in reducing unemployment, mixed strategies focused on job readiness and skills acquisition can be even more effective over the long term in contributing to better employment and income earnings.

Future employment services will feature an enhanced digital offer, but caution should be exercised for Indigenous job seekers. They often face challenges related to digital literacy skills and therefore might not be able to take full advantage of these new types of services. There is an advantage to incentivising face-to-face services for Indigenous job seekers to ensure they receive the customised support and intervention they require to find a good job.

Going forward, the new employment services should ensure that Indigenous Australians have expanded access to more face-to-face services and pre-employment supports to overcome the complex barriers to employment. This will require a stronger focus on individual case management strategies where the needs of Indigenous job seekers are front and centre. Key lessons from the case studies shows that effective placement requires job readiness training, skills development related to a specific local industry, or employment or work experience placements.

The Australian Government established Vocational, Training & Employment Centres (VTECs) to connect Indigenous job seekers with guaranteed jobs and bring together the support services necessary to prepare job seekers for long-term employment. The guarantee of employment before job-specific training starts is the key feature of VTECs. VTECs bring together a comprehensive range of support for job seekers to build vocational and non-vocational capabilities. This includes literacy and numeracy training, work experience, as well as pre-employment and job training. Under this model, over 10 000 Indigenous jobseekers have been placed in jobs and of these, 59% or 5 866 job seekers, have been in work for over six months.

Feedback from the case studies in Perth and Sydney who are delivering programmes under the VTEC model suggests that access to basic literacy skills training remains a major challenge for the Indigenous job seekers in which they provide services. The VTEC model

seems to be making a difference because it provides flexibility for providers to deliver this type of skills training, which helps build the employability skills of Indigenous job seekers.

Promote stronger local partnerships by reducing administrative burden

While the current *jobactive* model is relatively efficient in ensuring that the intensity of services are adapted to the level of disadvantage facing job seekers, this outcomes-based model can create competition among providers locally. Many of the providers consulted for this OECD study noted the importance of collaboration, but in practice they remain focused on meeting their comprehensive accountability requirements, which focus payments on getting people into work. The providers noted that accountability and administrative requirements require time and resources, which sometimes limit collaboration opportunities. As an example, many of the national employment programmes, such as *jobactive*, Vocational Training and Employment Centres, Disability Employment Services, Transition to Work, and ParentsNext have different accountability requirements, which creates a strong administrative burden on individual providers to meet national government programme conditions.

More collaboration among providers could be beneficial to ensure Indigenous Australians receive the right intervention. For example, some job seekers may be initially referred to providers who might not have the capacity to deliver the full suite of services or capacity to place them into a job. To encourage more local collaboration, Indigenous “champions” could be established to work strategically with providers, employers, as well as other leaders to build awareness about community opportunities and information on Indigenous employment programme design.

The 2018-19 Australian Budget announced the establishment of Regional Employment Trails, where local facilitators will work with Regional Development Australia (RDA) committees to develop local employment projects. Projects will bring together stakeholders and employment services providers to tackle employment challenges. While it is too early to evaluate the impact of this new initiative, the Australian Government could look at how to adapt it to focus on Indigenous employment outcomes. Given the skills, networking, and leadership required, it would be best to have a facilitator with a specific mandate to focus on Indigenous employment.

Australia could look to recent changes launched in Canada under its newly branded Indigenous Skills and Employment Training Program (ISETS), which includes a focus on higher quality jobs. Under the programme, the government directly contracts with Indigenous service providers across Canada to deliver active labour market and skills training programmes. Canada is moving from 5 to 10 year accountability agreements to enable Indigenous-led organisations to be more flexible in how they deliver programmes. The intention is to ease accountability and administrative requirements to encourage collaboration. Active efforts are also being made in Canada to reduce the overall administrative burden on service providers in terms of accountability requirements so they can spend more time directly delivering programmes.

Fostering local ecosystems for Indigenous job creation

Promote stronger community engagement with Indigenous Australians

In both Sydney and Perth, there are examples of initiatives which aim to strengthen Indigenous engagement. In 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. In Perth, the City of South Perth Aboriginal Engagement Strategy provides opportunities for city staff to develop an awareness of Noongar/Bibbulmun culture, history and current issues through information, education and networking.

More can be done in regions and cities across Australia to replicate these type of initiatives, which aim to foster stronger dialogue with Indigenous Australians about their values and customs. Regions and cities can be viewed as spaces of policy opportunity to bring together relevant stakeholders to discuss issues and find collaborative and people-centred solutions. Regional and local leaders can lead the development of partnerships with firms to build awareness about good human resources practices as it relates to Indigenous employment.

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 jobs and skills has been identified as a key theme for City Deals by the Australian Government, 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. They are also establishing the Aerospace Institute, which will focus on education and training opportunities in emerging sectors of the region. There are clear opportunities to assess how Indigenous employment can be promoted within the implementation of these major city-led projects.

Australia can look to Canada and New Zealand where some cities are making active efforts to ensure Indigenous people are involved in partnerships at the city level. In 2015, the Mayor of the City of Winnipeg, Canada, announced the establishment of a Mayor's Indigenous Advisory Circle (MIAC). The role of the MIAC is to advise on policies the City of Winnipeg can implement to further build awareness, bridges and understanding between the Indigenous and non-Indigenous communities. Similarly, the City Council of Christchurch, New Zealand, has adopted a Multicultural Strategy, which aims to foster inclusion, participation and access to public life of all minorities in the city, including Indigenous people. The Multicultural Strategy includes promoting the diversity of cultures and languages in the city through its libraries; celebrating cultures through local and citywide cultural events promoting the diversity of Ōtautahi/Christchurch people; funding that supports diverse communities' social connections, cultural celebrations; and efforts to reduce barriers to participation in all aspects of city life.

Better track Indigenous entrepreneurship activity that provides new opportunities for job creation

The number of Indigenous Australian business owners has more than tripled in recent years. In 2016, there were 11 592 business owners compared to 3 281 in 2011. Despite this impressive increase, Indigenous business owners still correspond to less than 1% of overall business owners in Australia.

The government has created Australia's first Indigenous Business Sector Strategy, which includes the establishment of Indigenous Business Hubs anchored to major cities. They serve as a one-stop-shop for business advice and support. The 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.

Indigenous entrepreneurs in Australia are faced with several challenges that inhibit them from starting and running a business, as compared to non-Indigenous people. Access to capital or equity is limited. While financial institutions are more prevalent in cities, urban Indigenous entrepreneurs still lack access to financing opportunities compared to non-Indigenous entrepreneurs. Furthermore, lower levels of educational attainment may prevent Indigenous Australians from starting a business. Without exposure to financial literacy training, managing revenues, expenses and finance of an organisation can be challenging. In addition to the narrow possibilities for funding ventures, some prospective Indigenous entrepreneurs might not be aware of the funding options that are available.

Accelerator and business incubator programmes are generally clustered in inner-city metro areas, away from Indigenous Australians who tend to be located in outer suburbs and regional areas. There are also challenges for Indigenous entrepreneurs to scale-up their business after successfully launching. Without strong investments in business skills and easier access to capital, there are significant risks that Indigenous entrepreneurs will not be profitable.

In Australia, more efforts can be undertaken to strengthen entrepreneurship education which place the entrepreneur at the centre and connect the various range of entrepreneurial actors (e.g. both potential and existing), organisations (e.g. firms, venture capitalists), and institutions (e.g. higher education and financial bodies). OECD research has highlighted the importance of creating a local culture that favours entrepreneurial risk-taking and corporate spinoffs.

For Indigenous entrepreneurs, the government should continue to work with the private sector to provide business advice and mentoring where experienced Indigenous entrepreneurs would be the main source of information. There should be a strong focus within Indigenous entrepreneurship programmes on coaching, training and peer learning. In general, it is important to better expose Indigenous entrepreneurs to venture capital, angel investors, and other forms of funding. Lastly, the government could look to the early-stage equity investment gap left by venture capital funds due to the inherently high costs and uncertainty of start-ups, especially among Indigenous entrepreneurs.

Continue to use procurement policies to promote social inclusion

At both the Commonwealth and state level in Australia, governments are using their spending power to promote Indigenous business development employment outcomes, which is a positive development. For example, at the Commonwealth level, since July 2015, the Australian Government's Indigenous Procurement Policy has led to over AUD 284.2 million in Australian investments with 12 520 contracts awarded to 1 524 Indigenous businesses. It has also resulted in state governments agreeing to consider establishing state-specific whole-of-government Indigenous procurement policies and Indigenous employment and Indigenous business targets.

Going forward, it is critical to continue looking for opportunities to leverage infrastructure investments in cities and regions across Australia to promote Indigenous employment and skills development opportunities. For example, when awarding major railroad or transport infrastructure investments, contracts can be set-up to ensure that employers are offering a targeted number of apprenticeships or other skills development opportunities to Indigenous Australians.

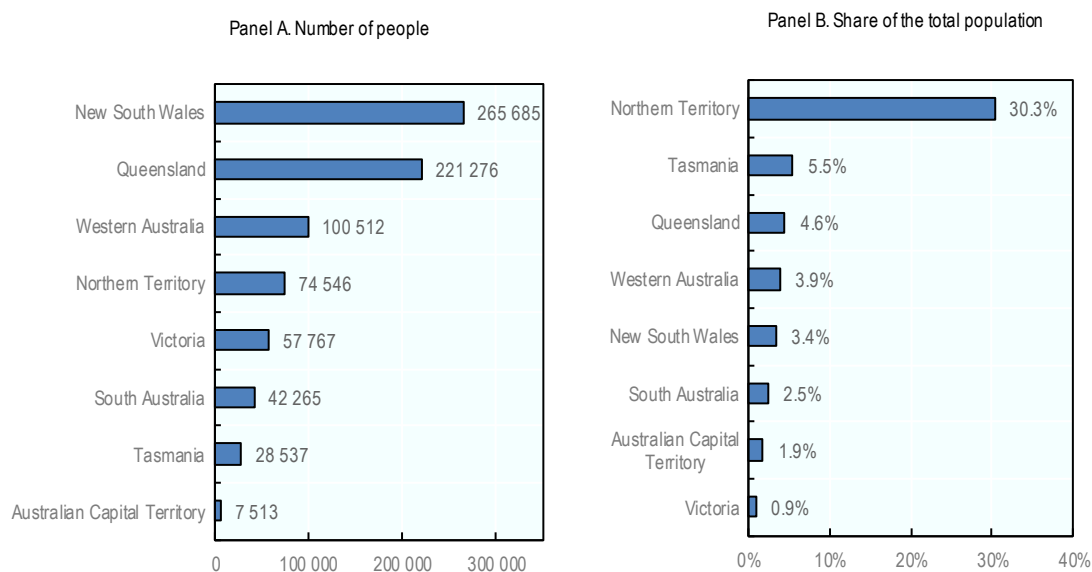
Chapter 1. Building the skills of Indigenous Australians

Skills provide a solid foundation for Indigenous Australians to participate in the labour market and thus a route out of poverty. Given the importance of skills in narrowing employment gaps, this chapter looks educational attainment rates as well as recent participation trends in vocational education and training between the Indigenous and non-Indigenous population. Drawing on practices from local case studies, this chapter also outlines key principles for programmes that aim to build the skills of Indigenous Australians.

Recent demographic trends in Australia

The Census is one of the most reliable statistical sources for information about Indigenous Australians. The 2016 Census counted 798 365 Indigenous Australians, an increase of 18% from the 2011 Census. Looking at the State and Territory level, New South Wales and Queensland had the highest number of people identifying as Indigenous. Both states accounted for 486,961 Indigenous Australians, which represents 60% of the overall Indigenous population. The share of a state's population identifying as Indigenous varies widely across Australia. Only 0.9% of the Victoria population identify as Indigenous. While New South Wales and Queensland have the highest total number of Indigenous Australians, they make-up 3.4% and 4.6% of the overall state population respectively. The Northern Territory has the highest proportion, where 30.3% of the population identify as Indigenous (see Figure 1.1) (Australian Bureau of Statistics, 2016^[1]). Due to its remote geography within Australia, many Indigenous communities face unique challenges in accessing basic government services and infrastructure in the Northern Territory. Various studies in Australia have found significant negative effects on education and employment opportunities related to living in rural and remote areas that might affect the populations living there (Kalb et al., 2014^[2]) (Gray and Hunter, 2005^[3]) (Hunter, 2010^[4]).

Figure 1.1. Distribution of Indigenous Australians by state and territory, 2016



Note: The Indigenous category includes people who identify themselves as Indigenous, Torres Strait islander or both.

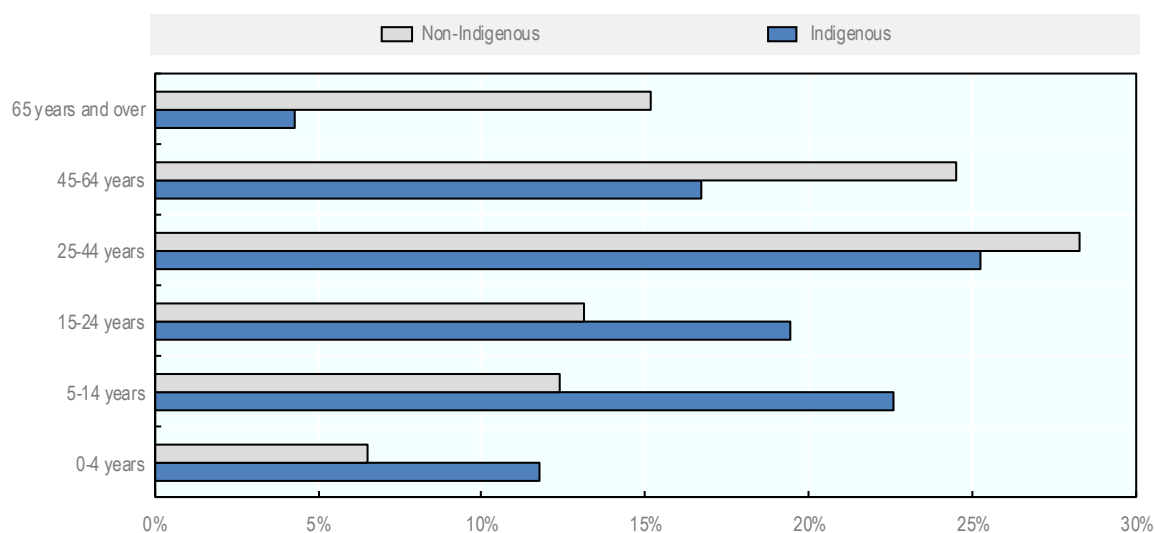
Source: Australian Bureau of Statistics (2016), Aboriginal and/or Torres Strait Islander Peoples QuickStats, 2016 Census, <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Indigenous Australians represent an increasing source of labour supply

Indigenous Australians are generally younger. The median age of Indigenous Australians is 23 years old compared to 37 years for the rest of the Australian population (see Figure 1.2) (Australian Bureau of Statistics, 2017^[5]). Indigenous Australians make-up a growing share of the labour force, particularly in younger age cohorts (e.g. 24 years or

younger). Similar to other OECD countries, population statistics for the Indigenous population are based on self-identification. Indigenous Australians represented 3.3% of the total population in 2016, up from 3% in 2011, and 2.5% in 2006. The Australian Parliament found that more children of 'mixed-couples' identify as Indigenous, a major component of the increase. These individuals may equally well identify as non-Indigenous, or be identified as Indigenous (Parliament of Australia, Social Policy Group, 2019^[6]). However, it should be noted that it is difficult to say whether the broadening of the population is having a positive, negative, or neutral effect on the overall socio-economic status and educational outcomes of Indigenous Australians.

Figure 1.2. Age distribution for Indigenous and non-Indigenous Australians, 2016



Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians were recording in the category Indigenous status not stated in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

The education and training outcomes of Indigenous Australians

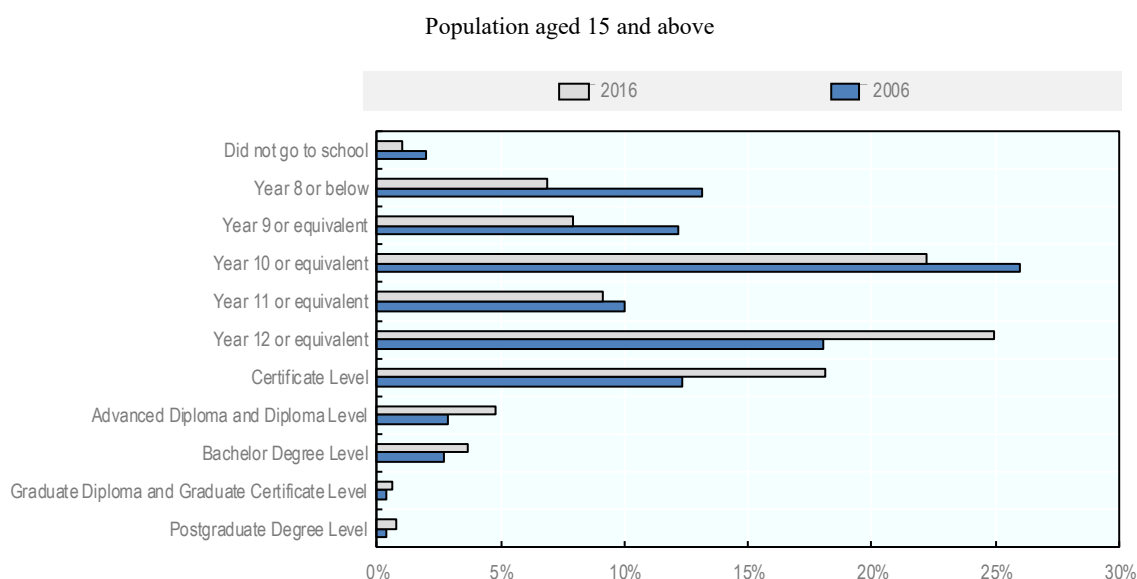
More Indigenous Australians are attaining education and training

Skills play a fundamental role in shaping labour market outcomes: 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% (OECD, 2016^[7]). Previous OECD research conducted in Australia, Canada and New Zealand highlighted how early childhood education for Indigenous people is critical to establish a strong start and lay the foundation for future success (OECD, 2017^[8]).

Data from the 2016 Census shows that more Indigenous Australians are participating in the education system. Between 2011 and 2016, seven percent more 15-18 year old Indigenous Australians have enrolled in secondary education, reflecting earlier entry in education. Fewer Indigenous Australians are also dropping out of school, with 19% of Indigenous Australians aged 25 to 64 years leaving school at Year 9 or below, a decrease of 11 percentage points compared to 2006. While these figures show an encouraging

improvement, the share of early school leavers among Indigenous Australians remained higher than that of the overall population in 2016 (19% vs 7% for the overall population of the same age group). The gap in the share of early school leavers between urban and rural areas is 6 percentage points (18% vs. 24%) but rural areas have made significant improvements in the last decade. Between 2006 and 2016, Indigenous Australians also attained higher levels of education, in particular from Year 12 and above (see Figure 1.3). The strongest increase was at Year 12 or equivalent, and at the certificate level, at seven and eight percentage points respectively. When looking at the lower end of the skills spectrum, the share of Indigenous Australians with education level at Year 8 or equivalent nearly halved over the ten-year period from 2006-2016.

Figure 1.3. Trends in educational attainment for Indigenous Australians, 2006 and 2016

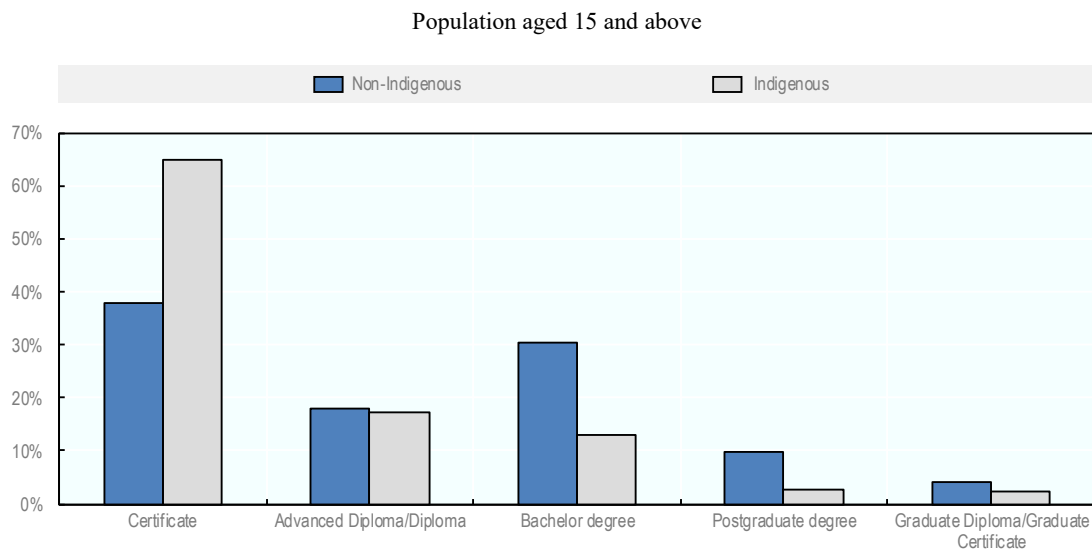


Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians were recording in the category Indigenous status not stated in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

When looking only at people who possess non-school qualifications¹, slightly less than two thirds of Indigenous Australians attained certificate level education versus less than 40% of the non-Indigenous population in 2016. While the share of people attaining advanced diploma and diploma qualifications is similar between Indigenous and non-Indigenous Australians, non-Indigenous Australians have higher shares of graduate diploma and graduate certificate attainment (30% of people with non-school qualifications for non-Indigenous vs. 13% of people with non-school qualifications for Indigenous Australians). Looking at postgraduate degrees, 3% of Indigenous Australians having non-school qualifications have this level of educational attainment versus 10% for the non-Indigenous population having non-school qualifications. This demonstrates that while more Indigenous Australians are participating in education and training opportunities, there is a gap to be closed for higher-level skills attainment opportunities.

Figure 1.4. Distribution across level of qualification for those who hold a non-school qualification for Indigenous and non-Indigenous Australians, 2016



Note: The percentages are computed as the share of each non-school qualification over the total non-school qualifications. The sum of the five categories is equal to 100% for each population group.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Vocational education and training opportunities can smooth the transition from school to work

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. In Australia, the employment rate of the working-age population with vocational education was 81% in 2017, well above the overall average employment rate of 61% (OECD, 2019^[9]). In 2017, there was an estimated 4.2 million Australians participating in VET. While this number has remained steady in recent years, the total number of programme enrolments declined by 7.6% to 3.4 million between 2016 and 2017. Over the same period, the total programme enrolments decreased across all Australian Qualification Framework (AQF) certificate levels, except certificate III which was up 2.6% to 996 100 (National Centre for Vocational Education Research (NCVER), 2018^[10]).

Australia’s vocational education and training (VET) system involves different layers of government. Table 1.1 summarises the different levels of government and stakeholders involved in the vocational education system in Australia. It is industry-centered because various industry stakeholders identify the required training outcomes (OECD, 2014^[11]).

Table 1.1. Key VET actors at the national, state/regional, and local level

	Overall decision-making	Regulation of VET	Industry liaison
National	Department of Employment, Skills, Small, and Family Business COAG (Collaboration between the Australian Government and state/territory governments)	Australian Skills Quality Authority	Industry Skills Councils Vocational Education and Training Advisory Board Industry Reference Committees
State/territory	State and territory government departments responsible for skills, education and training	Registration and qualifications authority by state and territory State/territory training authority	Skills Board or Industry Training Advisory Bodies within state/territory
Local (mostly delivery)		Registered training organisations Government VET providers (i.e. TAFE) Community education providers	

Source: (Productivity Commission of the Australian Government, 2017^[12]) and author's elaborations

Australia's VET system is led by a council made up of Australian, State and Territory government skills ministers established by the Council of Australian Governments (COAG). The Skills Council has streamlined governance arrangements, policy development and the oversight of the performance of the VET sector. As a result, the Australian Industry and Skills Committee was established to provide industry with a formal role in advising the Skills Council on policy directions and decision making in the national training system. Training packages are a key feature of Australia's national VET system. A training package is a set of nationally endorsed standards and qualifications for recognising and assessing peoples' skills in a specific industry, industry sector or enterprise. The development of training packages follows a consultative approach, where industry are consulted on an ongoing basis to identify skills and training needs.

The Department of Employment, Skills, Small and Family Business is responsible for national policies and programmes for vocational education and training. This Department works alongside the Department of Education who is responsible for national policies and programmes that help Australians access quality and affordable early child care and childhood education, school education, higher education, international education and research. These Departments are responsible for post-school education and training through three distinct, but closely interrelated, areas: 1) providing policy advice and support to the Minister, underpinned by research, analysis and evaluation; 2) national programme management; and 3) working relationships with States and Territories, industry, education and training providers, and other stakeholders. Recognising the importance of VET, there have been a number of reforms to the VET system in Australia since 1974 to make it more responsive to the needs of the labour market (see Box 1.1).

Box 1.1. The evolution of the VET system in Australia

Australia's vocational education and training (VET) system involves different layers of government where the national common framework is developed together with the State/Territory and Commonwealth governments. Each State and Territory government adopts the common framework into their own VET system. The Australian VET system has a nationally agreed approach for qualifications recognition and quality assurance of

training providers. Since, 1974, there have been a number of major reforms of the VET system in Australia, including:

- 1974 – 1987: The Commonwealth and States/Territories jointly established and fund the Technical and Further Education (TAFE) system.
- 1987 – 1991: The Commonwealth and the States/Territories agree on the development of a national VET system and undertook a review of future VET needs.
- 1992 – 1996: The Commonwealth and the States/Territories jointly agreed to establish a national VET system through a new Australian National Training Authority (ANTA) reporting to State and Commonwealth VET Ministers.
- 1997-2004: The ANTA Agreement was renewed in 1997 and 2001 and it was abolished unilaterally by the Commonwealth in 2004.
- 2005 – 2007: The Skilling Australia’s Workforce Act was established, which increased the Commonwealth’s role in the national VET system.
- 2009: The National Agreement for Skills and Workforce Development (NASWD) comes into effect, creating a new Commonwealth-State relationship where States/Territories have greater flexibility to target funding to address individual state needs and to achieve agreed VET objectives and outcomes. The Commonwealth government also established an income-contingent loan scheme (VET FEE-HELP) to help VET students pay for diploma and advanced diploma qualifications.
- 2011: Building Australia’s Future Workforce reforms invested funds in improving training quality and provision.
- 2012: The renewed NASWD is agreed setting 10 aspirational goals for reform across the VET sector, such as increasing industry's engagement with VET, facilitating a more open and competitive market and increasing access to income contingent loans.
- 2012 – 2013: A National Partnership Agreement on Skills Reform (NPASR) introduced a national training entitlement.
- 2014 - 2015: The Trade Support Loan Program and the Australian Apprenticeship Support Network (AASN) were introduced.
- 2017: The VET Student Loans (VSL) replaced VET FEE-HELP and the NPASR ends.
- 2017: The Skilling Australians Fund (SAF) is introduced which aims to provide ongoing funding support to the training of Australians who seek to do an apprenticeship or traineeship in priority industries and occupations in demand.
- 2018: The four-year National Partnership on the SAF commences with six state and territory Governments.
- 2019: Skills Package - *Delivering Skills for Today and Tomorrow*, to ensure Australians can access the training they need for the jobs of today and prepare for the jobs of the future.

Source: (Joyce, 2019^[13]) (Noonan, 2016^[14])

In 2017, the Vocational Education and Training (VET) Information Strategy (the Strategy) launched as the first Australian Government-led, long-term communications strategy raising the status of VET as an equal choice education and career pathway. The Strategy aims to showcase the multiple training and career opportunities a VET qualification can provide, and is improving national information publically available about the benefits of VET, including Australian Apprenticeships. Its implementation includes initiatives centred around a unifying tagline for the VET sector, *real skills for real careers* and promotes a collaborative approach by stakeholders, private and community partners in assisting to elevate the status of this career pathway. The call to action for the Strategy is for VET consumers to visit an enhanced My Skills web portal (see www.myskills.gov.au), which has been redesigned to serve as an authoritative first-stop for VET information. There are a number of national vocational education and training programmes – of which Indigenous Australians have access:

- National Agreement for Skills and Workforce Development (NASWD) – The objective of this agreement is a VET system that delivers a productive and highly skilled workforce and which enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future; and supports the achievement of increased rates of workforce participation. The NASWD is associated with the Skills and Workforce Development Specific Purpose Payment, which provides support to states and territories to fund their VET systems.
- Skilling Australians Fund (the Fund) – through matched project-based funding with the States and Territories, the Fund supports the uptake of apprenticeships, and traineeships in high demand that currently rely on skilled migration, future growth industries, and rural and regional areas. The Fund is currently managed under a four-year National Partnership to 2022 with six State and Territory Governments.
- Australian Apprenticeships Incentives Program encourages the continued training and development of a highly skilled Australian workforce. The programme links into the industries and occupations traditionally associated with the apprenticeship system. In addition, the programme targets a broad range of traineeships and apprenticeships in new and emerging industries especially where future skills shortages are projected. In addition to broad-based employer incentives, targeted payments are available to employers of key cohorts such as Indigenous Australians, adult apprentices, apprentices working in rural or regional areas, and apprentices with a disability.
- VET Student Loans - VET Student Loans replaces the VET FEE-HELP scheme. It offers income contingent loans to support eligible students studying certain diploma level and above vocational education and training qualifications.
- Pathways in Technology (P-TECH) - P-TECH offers secondary students an industry-supported education pathway to a science, technology, engineering and mathematics (STEM) related diploma, advanced diploma or associate degree.
- ABSTUDY aims to encourage Indigenous students and apprentices to take full advantage of available educational opportunities and improve their employment opportunities. ABSTUDY is a means tested payment for Indigenous and non-Indigenous Australian apprentices. The Commonwealth Department of Social Services is responsible for ABSTUDY policy and the Commonwealth Department

of Human Services is responsible for day-to-day delivery of the programme to clients and providers.

Vocational education and training is a shared responsibility between national and state governments

States and Territories in Australia have an important role in managing vocational education and training. Each Australian State and Territory government has a training authority with the main responsibilities of planning and reporting on VET strategies; purchasing training on behalf of their government; administering Australian Apprenticeships and VET in schools; administering funding and financial incentives for VET within the state/territory; supporting training organisations, employers and the community on VET issues; accrediting courses and registering training providers within the Australian Quality Training Framework. About 4 600 registered training organisations deliver VET in Australia through Technical and Further Education (TAFE) institutes, universities, secondary schools, private training providers, enterprises, industry organisations, community-based providers and other government organisations. Many States are pursuing their own Indigenous employment and skills strategies. For example, through its Aboriginal Affairs Strategy, New South Wales is targeting skills outcomes among the Indigenous population on its territory (see Box 1.2).

Box 1.2. Opportunity, Choice, Healing, Responsibility, Empowerment (OCHRE) in New South Wales

The Ministerial Taskforce on Aboriginal Affairs (the Taskforce) was established by the NSW Government in late 2011 to inform a new plan – OCHRE – to improve education and employment outcomes for Indigenous Australians in NSW and to enhance service accountability to support these goals. Extensive consultations with Indigenous Australian communities, stakeholders and industry gave some 2 700 people the opportunity to contribute to the taskforce’s work. OCHRE aims to support strong Aboriginal communities in which Indigenous people actively influence and participate fully in social, economic and cultural life. To achieve this, the plan aims to teach more Indigenous languages and culture to build people’s pride and identity; support more Indigenous students to stay at school; support more Indigenous young people to get fulfilling and sustainable jobs; grow local Indigenous leaders’ and communities’ capacity to drive their own solutions; focus on creating opportunities for economic empowerment; and make both government and communities more accountable for the money they spend.

Source: (Government of New South Wales, 2019^[15])

More Indigenous Australians are participating in the vocational education and training system

The participation of Indigenous Australians in VET remains high relative to the general trend (Windley, 2017^[16]). In 2005, there were 73 410 government-funded Indigenous programme enrolments, increasing by 38.6% to 101 775 in 2018. For the non-Indigenous population, government-funded programme enrolments grew from 1 113 940 to 1 157 160 from 2005 to 2018 – an increase of 3.9% (NCVER, 2019^[17]).

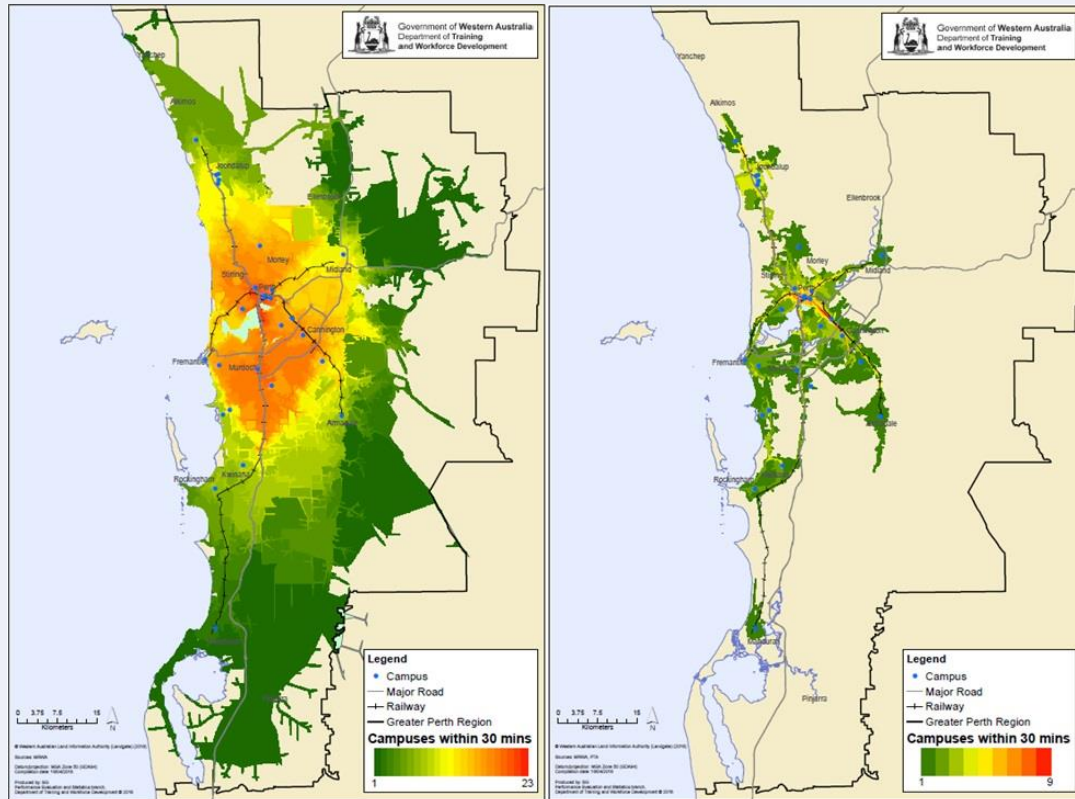
As of 2017, there were 142 800 Indigenous Australians in VET, which equalled 3.4% of the overall VET student population (NCVER, 2018^[18]). The overall VET completion rate was 46.9% in 2016, an increase of about 5 percentage points from 2015. When looking only at government-funded programmes at certificate I and above, data shows a significant increase of completion rates, from 39.8% in 2012 to 49.4% in 2016 (NCVER, 2018^[19]). Although improving, these figures sit below completion rates of non-Indigenous Australians, especially for those living in more remote and rural areas. Indigenous Australians living in peripheral areas of a city or region tend to have more difficulties in accessing education and training opportunities (Windley, 2017^[16]) (see Box 1.3 for an example from Perth, Western Australia of how distance from an educational centre can impact training opportunities).

Box 1.3. Spatial barriers to participation in training

Existing research has pointed to the spatial barriers facing Indigenous Australians in accessing education and training opportunities. This spatial barrier can be seen when looking at attaining a driver's licence and using public transportation to go to school. In New South Wales (NSW), it is estimated that Indigenous Australians comprise 0.5 % of licensed drivers despite comprising 2% of the eligible population at the time the research was conducted (Cullen et al., 2016^[20]). Figure 1.A. looks at the Perth Greater Capital City Statistical Area (GCCSA) as an example of how ownership of motorized vehicles can substantially change the opportunities for prospective students living in a city. Each map demonstrates what a commute of zero to thirty minutes looks like, with motorized vehicles illustrated on the left and public transportation on the right. Access to only public transport limits an individual's options in terms of commuting to different educational and training options within a city.

Figure 1.5. Distances to Government of Western Australia Department of Training and Workforce Development Campuses in the Perth GCCSA

Motorized vehicle vs. public transport



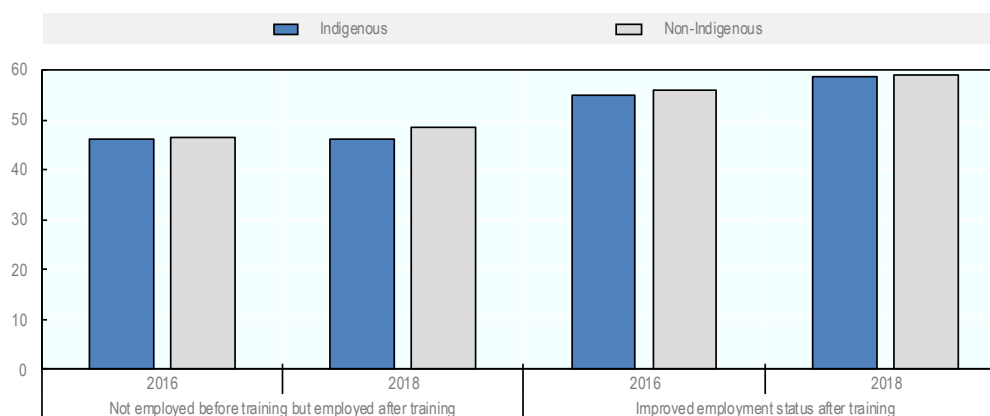
Note: The scope of these maps refers to the Perth GCCSA. The calculations for these maps were conducted by the Government of Western Australia Department of Training and Workforce Development.

Source: Australian Department of Training and Workforce Development

Increased participation in training can narrow employment gaps between Indigenous and non-Indigenous Australians

Looking at data from the National Student Outcomes Survey, participation in training is positively correlated with labour market outcomes for Indigenous Australians. Slightly less than half of the participants in training who were not employed before found a job after training completion (see Figure 1.6). Training also contributed to improve the employment status for 59% of participants regardless of their previous employment situation. While non-Indigenous Australians performed better than Indigenous Australians on this indicator in 2016, the difference between the two groups was negligible in 2018, indicating that participation in training has a positive impact on narrowing employment gaps between Indigenous and non-Indigenous Australians.

Figure 1.6. Outcomes from training participation for Indigenous and non-Indigenous Australians, 2016 and 2018



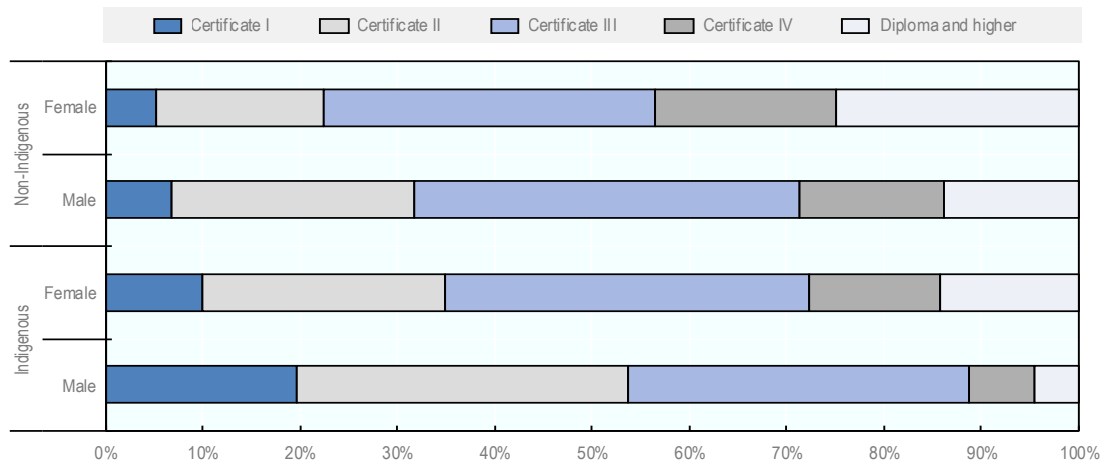
Source: NCVER, 2018, Australian vocational education and training statistics: VET student outcomes 2018

Indigenous Australians tend to be over-represented in lower-level qualifications, which does not align with future skills demand

The most common qualification obtained after participating in training for both Indigenous and non-Indigenous Australians is Certificate level III (see Figure 1.7). The share of participants at this level is 35% for Indigenous and 40% for non-Indigenous men. It is 37% for Indigenous women relative to 34% for non-Indigenous. Looking at other qualifications, there is a significantly higher share of Indigenous Australians attaining lower level qualifications, such as Certificate level I and II while non-Indigenous Australians attain certificate IV and above. This is particularly imbalanced when considering gender characteristics within the Indigenous Australian population. In 2017, 12% of Indigenous women attained a “diploma or above” qualification compared to 4% for Indigenous men.

In looking at the future demand for skills, the Department of Employment, Skills, Small and Family Business has produced employment projections by qualification level from 2018-2023. The Department estimates that jobs requiring a Bachelor degree of higher qualification will see the strongest growth, projected to be 10% or 400 000 jobs (see Figure 1.8). Employment growth within jobs requiring Certificate IV or III (including at least two years of on-the-job training) are expected to grow by 3.8%. Jobs requiring Certificate II or III are projected to see grow of 7.9%. These projections reflect an evolving labour market in Australia, where a premium is being placed on higher levels of skills.

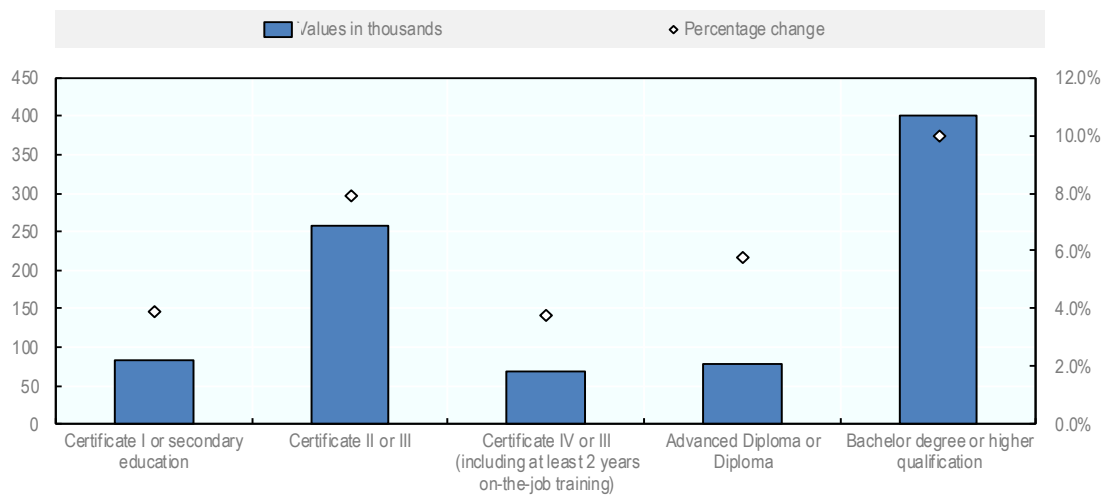
Figure 1.7. Qualification level by Indigenous status and gender, Australia, 2017



Source: NCVER 2017, Australian vocational education and training statistics: total VET students and courses 2017

Figure 1.8. Projected employment growth, 2018-2023

Values in thousands (left scale) and percentage change (right scale)



Source: Department of Employment, Skills, Small and Family Business Projections

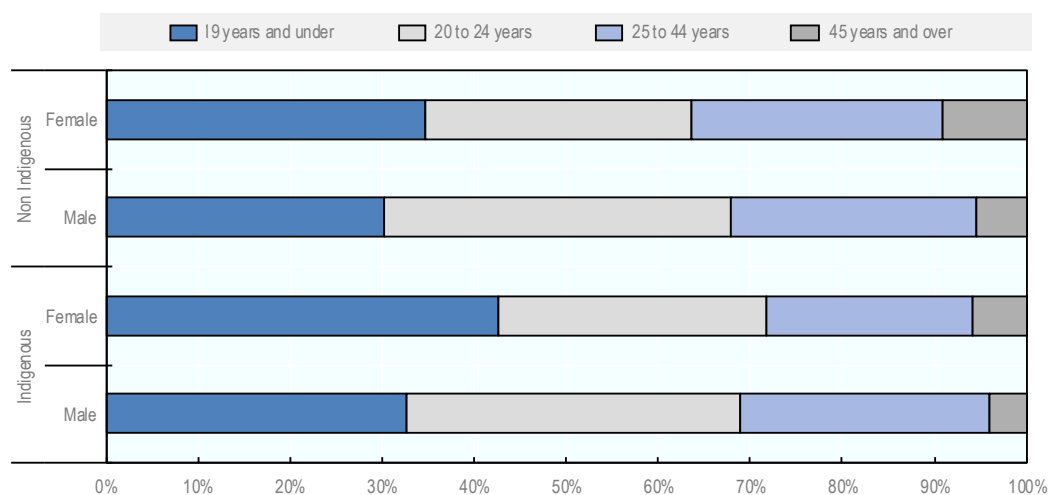
Apprenticeships and traineeships can help Indigenous Australians access higher level skills opportunities

Within the VET system, apprenticeships combine both workplace and classroom-based learning. Apprenticeship and traineeship programme contribute to improving the skills and the outcomes of the overall workforce. The work-based training component in particular helps young people develop soft skills, such as communication skills, problem solving and conflict resolution (OECD/ILO, 2017^[21]). By providing skills relevant to the industry and labour market demands, apprenticeship and traineeship programmes can increase people’s

employability and productivity, contributing more broadly to economic growth and prosperity (OECD, 2014^[22]). 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.

In 2018, there were 13 550 Indigenous Australian apprentices and trainees. The age distribution of participants in apprenticeships and traineeships reflects the younger age composition of Indigenous Australians. Forty three percent of female Indigenous Australian apprentices and trainees were 19 years or under, and 33% of male Indigenous Australian apprentices and trainees were also in this age group. Indigenous Australian men aged 20-44 years represent 43% of all Indigenous apprentices and trainees (see Figure 1.9),

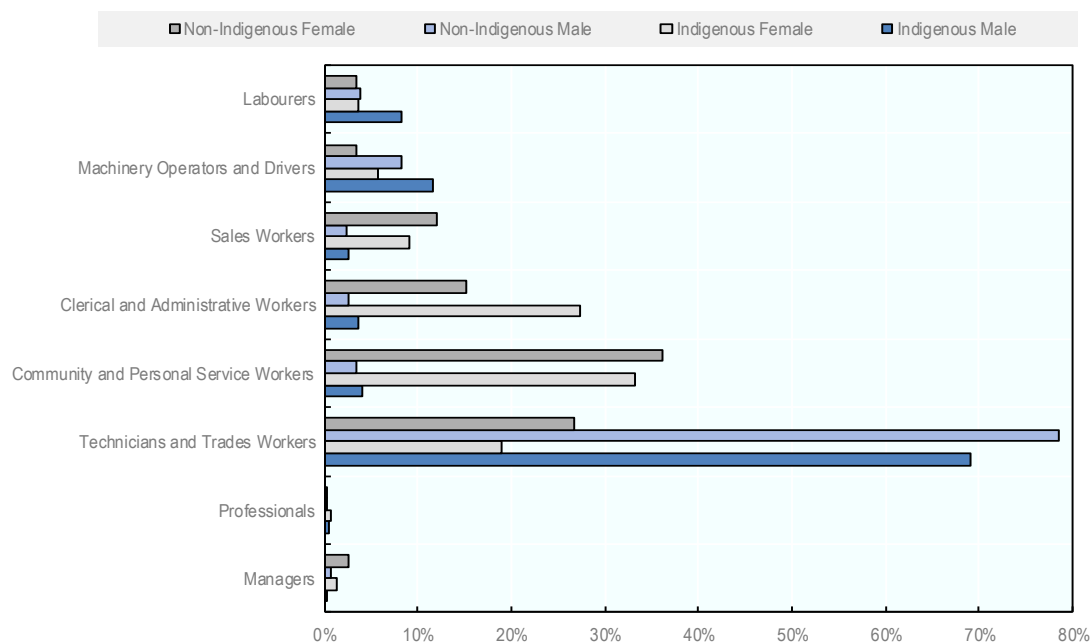
Figure 1.9. Apprentices and trainees by age and sex, Indigenous vs Non-indigenous, 2018, Australia



Source: NCVER, National Apprentice and Trainee Collection, unpublished.

Figure 1.10 shows the occupational distribution by gender for Indigenous and non-Indigenous Australians participating in apprenticeships and traineeships. For both, the vast majority of men work as technicians and trade workers while women mainly as community and personal service workers as well as clerical and administrative workers. For clerical and administrative workers, the share of Indigenous women participating in apprenticeship training is much higher than Indigenous men and non-Indigenous people. In occupations that are typically associated with lower-skilled jobs, such as machinery operators and drivers as well as labourers, Indigenous males have a higher prevalence of apprenticeship participation than the non-Indigenous population

Figure 1.10. Apprentices and trainees by occupation and sex, Indigenous vs Non-indigenous 2018, Australia



Source: NCVER, National Apprentice and Trainee Collection, unpublished.

According to the National Centre for Vocational Education and Research (NCVER), the term “higher-level apprenticeships” has recently entered the lexicon as part of the government’s apprenticeship training options (NCVER, 2019^[23]). The National Partnership on Skilling Australians Fund defines higher apprenticeships as a programme of structured on-the-job training with formal study, with the study component leading to the award of a VET qualification at the Australian Qualifications Framework level 5 (diploma) or level 6 (advanced diploma) (Australian Department of Education and Training, 2018^[24]). Some research has pointed to the potential for higher-level apprenticeships to build bridges between the VET and higher education sectors in Australia (NCVER, 2019^[23]). While the concept is still in its early stages of development in Australia and will need further evaluation, there is a clear opportunity to look at how to encourage Indigenous Australians to participate in this training pathway. The evidence in this chapter demonstrates that Indigenous Australians are increasingly participating in VET but primarily in lower level qualification programmes. While training is important in linking Indigenous Australians to a job, it is also necessary to look at how to increase access to higher skills development opportunities. This is especially important within the context of the future of work, where labour markets across the OECD are becoming increasingly polarised between high and low-skill jobs (OECD, 2019^[25]).

Higher education programmes targeted to Indigenous Australians

While vocational education and training remains the most popular educational pathway among Indigenous Australians, a number of national programmes and policies have been introduced to provide greater access to higher education opportunities, including:

Higher Education Participation and Partnerships Program

The Higher Education Participation and Partnerships Program (HEPPP), which commenced in 2010, provides funding to higher education providers to improve access to undergraduate courses for people from low socio-economic status (SES) backgrounds, as well as improving the retention and completion rates of those students. In 2017, 33.6% of all undergraduate Indigenous higher education students were from low SES backgrounds (using a first address measure). There were 144 404 undergraduate students from low SES backgrounds (using a first address measure) enrolled in Australian universities in 2017, of which 4 852 (3.4%) were Indigenous Australians.

The Australian Indigenous Mentoring Experience (AIME)

The government is supporting the Australian Indigenous Mentoring Experience through three grants of AUD 150 000 each to Western Sydney University, Deakin University and the University of Wollongong. The aim of the grants is to assist recipient universities establish new AIME sites to deliver the AIME model of structured educational mentoring to Indigenous secondary students from SES backgrounds in areas where AIME does not already operate.

Indigenous Student Success Programme

Indigenous Student Success Programme (ISSP) provides funding to universities to assist Indigenous students to access higher education and to succeed in their studies. Universities can use the funding on activities such as scholarships, tutorial assistance, mentoring and other personal support. The ISSP scholarship assistance is prioritised towards financially disadvantaged Indigenous students to ensure that finances are not a barrier to succeeding in higher education. The ISSP supports eligible students at all levels of study.

Support for Indigenous higher degrees by research

The Australian Council of Learned Academies (ACOLA) review of Australia's research training system, released in 2016, highlighted a number of areas for improvement, including increasing Indigenous participation in higher degree by research (HDR), which is postgraduate university degree involving a unique supervised research project. Usually, these degrees are either at Masters or a Doctoral degree. To address ACOLA's findings, a cross sector-working group has developed the Research Training Implementation Plan (the Plan), which is being delivered by the higher education sector in collaboration with government, industry and community stakeholders. A key priority of the Plan is to better support Indigenous students, including the promotion of Indigenous HDR training best practice within universities, as well as improved data collection, monitoring and analysis to inform future action by the sector and government.

Programme principles emerging from case studies at the local level

This section of the chapter highlights some programmes principles that have emerged from local case studies developed to understand the implementation of national programmes and how service delivery organisations are working with Indigenous Australians in Sydney, New South Wales and Perth, Western Australia to match them to better quality jobs and improve their access to skills training.

Employer engagement in skills development opportunities is critical

One key principle emerging from the case studies was the importance of reaching out to employers and having them take a leadership role in implementing training. From a service provider perspective, many of the case studies have designated employer outreach officers who are actively communicating and working with local employers to identify job opportunities for Indigenous Australians and arranging the necessary training.

Considering the role of employers, feedback from the case studies notes that it is critical for senior leadership within a firm to promote a vision of a work environment that embraces Indigenous values and diversity. As much as Indigenous Australians need to prepare for work through training programmes, employers should make efforts to ensure that their workplaces meets the needs of all employees. Feedback from the case studies suggests that there are still large gaps in employers' knowledge about the integration of Indigenous members of staff.

In Perth, both the Wirrpanda Foundation and AtWork Australia are marking active efforts to engage local employers. For example, after identifying that many employers lacked sufficient cultural awareness training policies, the Wirrpanda Foundation initiated their consultancy services which works with local firms to develop Reconciliation Action Plans (RAPs). The goal of the RAPs is to discuss the ways in which employers can make their organisations more inclusive. They schedule regularly “breakfast meetings” with local companies to discuss new and emerging job opportunities in the community as well as key issues that these firms face when employing Indigenous job seekers.

AtWork Australia prefers to focus on working with a small group of employers so that they can build sustainable relationships and trust. In interviews conducted for this study, AtWork Australia noted that some employers do not have clear and tangible ways for employed individuals to take on more responsibilities over time within their company. AtWork Australia actively works with local firms to provide mentoring opportunities to change mind-sets and perceptions around employing an Indigenous job seeker.

In Sydney, Olympus Solutions seeks to work with employers who are committed to Indigenous employment. Olympus Solutions focuses on providing job-specific training for their clients in culturally appropriate workplaces. To help their clients sustain employment over the long-term, they work with the individual and firm to provide post-placement job support.

Yarn'n Employment Service has a dedicated employer relations officer who does active outreach to identify job vacancies in their local labour market. They regularly meet with senior private sector leaders to discuss how companies can improve their human resources policies to support Indigenous employment opportunities.

Taking a sector-based approach can ensure training meets future demand

Feedback gathered through case study work for this project has emphasised the importance of developing training programmes in areas of growing skills demand. Each case study noted the importance of ensuring Indigenous Australians participate in training programmes that will lead to a job. There is an opportunity to target skills training to sectors that have the potential to face skills shortages in the future, such as Health Care and Social Assistance.

As an example, the Yarn'n Aboriginal Employment Service delivers programmes in Sydney focusing on training programmes in the health sector (Yarn'n Aboriginal

Employment Service, 2019^[26]). Recently, their project “Health Jobs Connect,” providing training and employment, places 150 Indigenous Australians into health sector employment. Yarn’n has also developed a traineeship programme for known as Trainee Assistant in Nursing (Acute Care). The initiative develops new recruitment processes that address the challenges faced by Indigenous Australians in accessing employment, leading to a streamlined recruitment of candidates. Yarn’n’s approach to training in the health sector includes job-focused candidate preparation, employer-centred recruitment initiatives and processes, as well as outcome-focused partnerships with reliable and skilled registered training organisations.

Replay has developed and delivered a number of training programmes for more than 14 years in the Northern Territory, New South Wales, Queensland, Tasmania and Victoria. Looking at Replay’s services in Sydney, they assist Indigenous jobseekers to get into a career in two industries: i) Early Childhood Education and Care, which can lead to other jobs in the Education industry; and ii) Aged Care, which can lead to jobs in other areas of the Health industry (Replay, 2019^[27])

Delivering training in a workplace setting has the potential to better link Indigenous Australians to a sustainable job

Similar to the principle of promoting employer leadership, a key takeaway from the case studies was ensuring that training is delivered in a manner that simulates a workplace setting. In many cases, Indigenous Australians may not have previous work experience therefore training is most successful when it provides employability skills in addition to occupational-specific training.

Looking at the local case studies, Replay’s training arm, the Australian Centre for Workplace Learning, delivers accredited, workplace-based, face-to-face classroom learning in an Indigenous friendly-environment. This is an essential part of the programme as having an accredited qualification supports employment after completing training. Replay utilised an innovative model, aiming to connect students with employers from the beginning of the course. Students were able to learn in the workplace and apply their theoretical knowledge immediately once hired. The model is accessible for participants with different levels of education because the course moves in vertical steps, allowing students to become comfortable with each module before progressing to the next. Their work placements mirror the classroom, with their responsibilities increasing as they obtain the knowledge required for each role. This allows employers to also create a healthy work environment for employees that enables career mobility opportunities for students and professional development within the organisation. By initiating relationships between employers and the participants from the start, each of the employer and indigenous employee can gradually learn about the strengths and weaknesses of the other. This allows the participants to identify early where they need further support while they are still connected to the programme’s resources.

Embedding mentoring into skills development opportunities is critical

Mentorship opportunities constitute another important factor for a successful transition from training to work. All of the case studies had a strong focus on embedding mentoring into the delivery of training. Culturally appropriate mentoring programmes can be successful in attracting, training and placing Indigenous Australians into employment. Within an Indigenous community, there are likely to be leaders who can champion education and training opportunities. Furthermore, once individuals have completed a

programme, they are often well-placed to act as a mentor and work with people entering the programme to advise them on the value of training. According to feedback from the case studies, any person undertaking a mentor role with an Indigenous employee should either be Indigenous or should undertake extensive training about Indigenous cultures, values and customs.

The Wirrpanda Foundation is based in Perth and delivers a number of Indigenous-centred employment and training programmes. Wirra Club is the organisation's longest running training programme, engaging over 14 000 children since it began in 2005. Wirra Club emphasizes building family and community capacity, developing and strengthening family and school relationships and delivering sessions aimed at improving self-esteem, confidence, education and leadership.

Box 1.4. Mentorship programmes at the Wirrpanda Foundation

The Wirrpanda Foundation employs identified role models with a focus on local Indigenous people living in the community and works collaboratively with key community-based organisations. Wirra Club is a healthy lifestyle and rewards-based programme aimed at increasing the retention of Indigenous Australian students in school. Wirra Club assists primary school aged participants with their schoolwork, a healthy snack and physical activity up to three times per week.

Wirrpanda also delivers Industry Specialist Mentoring for Australian Apprentices (ISMAA) which provides intensive support to apprentices and trainees in the first two years of their training in industries that are undergoing structural change. Industry Specialist Mentoring for Australian Apprentices (ISMAA) complements other Australian Government support for apprentices, trainees and their employers through the Australian Apprenticeships Incentives Program, Trade Support Loans and the Australian Apprenticeship Support Network.

Delivering services in Sydney, Olympus Solutions provides several services to increase the educational attainment of Indigenous Australians. The organisation helps job seekers with career planning and comprehension of their professional networks. As candidates approach the organisation, Olympus Solutions identifies their baseline needs and connects them with mentors. These mentors provide support by helping candidates overcome the fear of failure and obtain more leadership skills. These mentors also assist with employer compatibility, matching candidates with opportunities based on their skills.

Replay also provides 24/7 mentoring and assistance for all students, not just for academic issues but also personal issues. Replay positions itself as an inclusive organisation that seeks to create an approachable, considerate and empathic experience for all participants. To help achieve these goals, Replay has also sought to employ Indigenous Australians who have been through the programme. Since some participants struggle with lower literacy levels or find the classroom setting to be intimidating, the programme's pedagogy focuses on oral teaching and incorporation of culturally relevant perspectives. Replay also extends course learning and support to the workplace through on the job training and mentorship. In groups of 10-15, students participate in a peer-mentoring cohort. These cohorts try to reduce barriers for students by allowing peers and more senior participants to relate to each other. Former participants stated that this was an important piece in making the programme more accessible. To ensure knowledge is applied appropriately to the workplace, staff assess one student per day at the end of the workday. A teacher comes in-person to a

student's employers to assess the student. Along with students' progression through the course, Replay also monitors success through its employment placements. Currently, the programme places about 100 participants per year into jobs. One of Replay's key partners is the University of Technology Sydney, where Replay's programme provides a potential pathway for entrance into the university. The partnership was formed more than a year ago and more than 30 students have graduated with a diploma.

Access to basic literacy and numeracy training can help to build good employability skills

Indigenous Australians tend to be over-represented when looking at adults who have low levels of language, literacy, and numeracy proficiency. These are often foundation skills, which are essential in preparing people for work. There is often a positive relationship between higher proficiency and labour force participation and employment. Individuals with higher levels of proficiency in literacy, numeracy and problem solving in technology-rich environments have greater chances of participating in the labour market and of being employed, and less chance of being unemployed than individuals with lower levels of proficiency, on average. Looking at results from the OECD's Survey of Adult Skills (e.g. PIAAC), some 82.3% of Australian respondents scoring at Level 4/5 in literacy are employed, while only 56.8% of those scoring at or below Level 1 are (OECD, 2016^[28]).

The case studies in Sydney and Perth consulted for this OECD study emphasised the importance of assessing a job seeker's basic skills proficiency before focusing on placing them in employment. As an example, when a job seeker walks into AtWork Australia, the candidate is not always prepared for employment. Sometimes, they have other needs that have to be addressed to pivot them as an ideal candidate for work. As such, AtWork Australia provides a number of services to address the holistic needs of each programme participant. Firstly, the programme determines whether a participant needs assistance with any fundamental skills, such as literacy and numeracy. After an assessment, participants can access Indigenous literacy training and standard TAFE training if needed.

What can Australia learn from other OECD countries?

Creating Indigenous-led institutions can increase trust with the education and training system

Lower levels of skills and workplace experience have led to persistent labour market disparities between Indigenous and non-Indigenous populations across many OECD countries (OECD, 2018^[29]). As shown in this chapter, building up those skills is fundamental to promoting greater success in obtaining and remaining in employment. There are some international examples in which Australia may wish to look for future policy opportunities. In Canada, there have also been strong efforts to promote Indigenous-led vocational and higher education institutions. Box 1.5 provides more information of an Indigenous-led vocational education and training institution based in the province of Saskatchewan.

Another promising example can be found in the province of British Columbia. The Aboriginal Community-Based Training Partnerships Program (ACBTP) focuses on building partnerships between Indigenous communities and public post-secondary institutions to improve access to education and training (Government of British Columbia, 2017^[30]). ACBTP is funded by the Province of British Columbia and the Government of Canada and is managed by the B.C. Ministry of Advanced Education. Application for

programme funding must be jointly submitted by a public post-secondary institution and an Indigenous community. All programme participants must be Indigenous.

Box 1.5. Saskatchewan Indian Institute of Technologies (SIIT)

Established in 1976, the Saskatchewan Indian Institute of Technologies (SIIT) is one of the four Saskatchewan educational institutions with credit granting authority. First Nations leaders and representatives from across the Province govern the Institute. SIIT offers certificate and diploma programmes in the trades and industrial areas, business and technology, health and community studies, and adult basic education to over 2 400 students annually. Programming is delivered through three principal campuses in Regina, Saskatoon and Prince Albert, plus eight Career Centres and a number of learning centres located throughout the province. SIIT also operates the Saskatchewan Aviation Learning Centre at the Saskatoon airport. SIIT strives to be the institute of choice for First Nations learners. Approximately 93% of current students are indigenous, First Nations, Metis or Non-Status Indian. SIIT is also committed to building and maintaining strong relationships and partnerships involving a growing range of provincial and national industry leaders, professional associations and academic institutions.

Source: (OECD, 2016_[31])

Indigenous adult education programmes need to be designed to respond to the future of work

The world of work is changing and new technologies have the potential to further exacerbate disadvantaged people in the labour market. This requires strong efforts to work closely with Indigenous communities to promote skills development programmes, which provide digital literacy training and ensure Indigenous people have continuous opportunities to update their skills.

As an example, the Joint Economic Development Initiative (JEDI) is an Indigenous organisation dedicated to working with partners to foster Indigenous economic development in New Brunswick, Canada. Founded in 1995 as a tripartite partnership between local Indigenous communities, the Government of Canada and the Government of New Brunswick, JEDI provides a variety of programmes and services to support workforce development of Indigenous People in New Brunswick. These include among others the Indigenous Adult Learning & Literacy (IALL) programme, which aims to link Indigenous People to opportunities to obtain their General Equivalency Diploma (GED), master workplace essential skills and enhance computer skills (Joint Economic Development Initiative, 2017_[32]). JEDI builds capacity within First Nations communities by offering two Train-the-Trainer programmes, Workplace Essential Skills and Digital Literacy, with the goal of establishing Community Adult Learning & Digital Literacy Labs. The Labs help ensure that there is better access to learning opportunities for Indigenous People in New Brunswick. They are being designed to create a safe learning environment where learners can become work-ready by learning or enhancing their essential skills, literacy, technological skills and soft skills.

Promoting access to higher education opportunities narrows employment and income gaps

Increasing access to and completion of higher education among Indigenous youth is a priority across many OECD countries. Nevertheless, Indigenous people continue to fall behind when it comes to higher educational attainment rates. For instance, when looking at the share of the population with a postsecondary education, gaps in outcomes between Indigenous and non-Indigenous populations can be seen in Australia, Canada, New Zealand, and the United States (OECD, 2018^[29]).

There are some promising examples that could inform policy development in Australia. In New Zealand, the Te Kāhui Amokura was formed in 2004 aiming to promote the collective interests of New Zealand's universities in improving outcomes for Māori students ("tauirā"). It brings together the Deputy Vice-Chancellor Māori, Assistant Vice-Chancellor Māori or Pro-Vice Chancellor Māori from the eight universities in New Zealand. The Te Kāhui Amokura Strategic Work Plan endorsed in 2015 identifies key priority areas for improving outcomes for Māori and Pacific Islanders. It also presents good practice examples of initiatives being taken by universities in New Zealand targeting Māori students. These include the Tuākana Learning Community programme (Te Kāhui Amokura, 2018^[33]).

Developed by the University of Auckland, the Tuākana Learning Community programme aims to enhance academic success of Māori and Pacific Islander students attending the university. Funded through the Tertiary Education Commission Equity Funding, managed by the University Equity Office, the programme is based on the principles of the *Tuākana-Teina* relationship model, an integral part of the Māori society. It is a buddy system where an older or more experienced person (Tuākana) helps and guides a younger, less experienced, one (Teina). The Tuākana are highly visible role models selected by their faculty, paid to be mentors and tutors. They are also supported through trainings and orientation. Most faculties within the university offer small group learning, seminars and academic learning skills workshops. The university makes considerable efforts to reach out to first year Māori students to provide them with a first point of contact. This liaison enables them to quickly access a support network.

The University of Auckland has also introduced a new initiative in 2017, within the Faculty of Science, where research programmers and the computer science department have developed a mobile App assisting Māori and Pacific Islander students access up-to-date information, including on tutorial times, news and events. The programme has been successful in delivering positive outcomes for Māori and Pacific Islander students within the university, including increased retention (from 69% to 85% in 2010) and post-graduate participation rates (from 15% in 2005 to 17% in 2010).

Among the key success factors of the programme, the university stresses the high quality of training for mentors, as well as its focus on ensuring that both mentors and students benefit from their involvement in the programme. Programme flexibility has also allowed faculties to take a different approach based on their specific needs. A Tuākana database allows faculty co-ordinators to access historical data to support analysis and communication. Finally, a model where faculty financing is based on achievement and evaluation reports helps the accountability and financial sustainability of the programme.

Lastly, in Mexico, around 10% of the population reports themselves as Indigenous, and among these, around half speak one of the 62 Indigenous languages. Indigenous students perform historically below the average in Mexico. Indigenous participation and outcomes

are also generally relatively low in tertiary education. To address this underrepresentation of Indigenous Peoples in tertiary education, new higher education institutions have been established to foster more networks between Indigenous and non-Indigenous students (see Box 1.6 for an example).

Box 1.6. *Universidades interculturales* in Mexico

Universidades interculturales (intercultural universities) were formed to increase Indigenous participation in tertiary education and to foster further unity between Indigenous and non-Indigenous communities. These universities have been established within Indigenous communities, but are open to the participation of non-Indigenous students as well. Inter-cultural universities in Mexico have a quota for enrolment: about 70% of the student body is composed of Indigenous Peoples and at least 20% comes from a mestizo (or mixed) background. These institutions integrate basic principles of the local Indigenous communities skills to compose classroom content and pedagogy, including Indigenous “philosophies, cultures, languages and histories”.

Source: (OECD, 2017^[34])

Note

¹ According to the Census definition, non-school qualifications are defined as those qualifications awarded for educational attainments other than those of pre-primary, primary or secondary education.

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Chapter 2. Connecting Indigenous Australians to Jobs

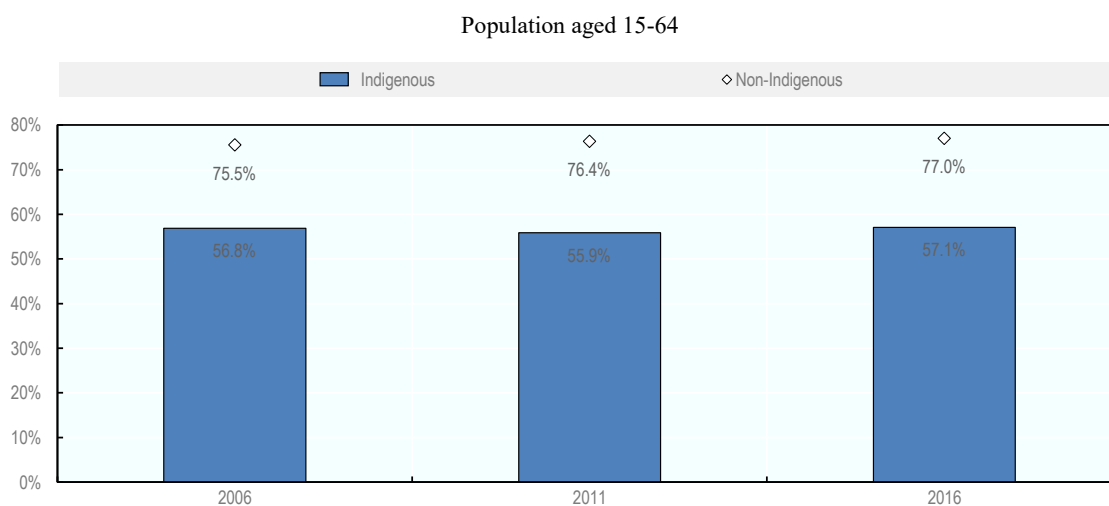
Active labour market programmes play a critical role in narrowing the gap in employment outcomes between Indigenous and non-Indigenous Australians. This chapter provides an overview of recent employment trends for Indigenous Australians, considering a range of labour market indicators. It outlines recent national government initiatives to strengthen the delivery of employment services. Drawing on lessons from local case studies, this chapter also outlines key principles to better connect Indigenous Australians to jobs.

Recent labour market trends in Australia

Significant employment gaps exist between Indigenous and non-Indigenous Australians

Australia's labour market remains quite robust with a number of indicators pointing to a strong employment environment. Since October 2017, full-time employment has increased by 238 800 persons, while part-time employment has increased by 69 400 persons. Looking at the macro-level trends, Australia appears to be moving towards a situation of full employment, however this masks the disparities that exist between Indigenous and non-Indigenous Australians. In 2016, there was a gap of 19.9 percentage points in terms of the labour market participation rate, which is the proportion of the working age population aged 16-64 currently employed or seeking employment. This gap in labour market participation has not improved looking at the ten-year period between 2006-2016 (see Figure 2.1).

Figure 2.1. Labour market participation rate, Indigenous and non-Indigenous Australians, 2006, 2011 and 2016

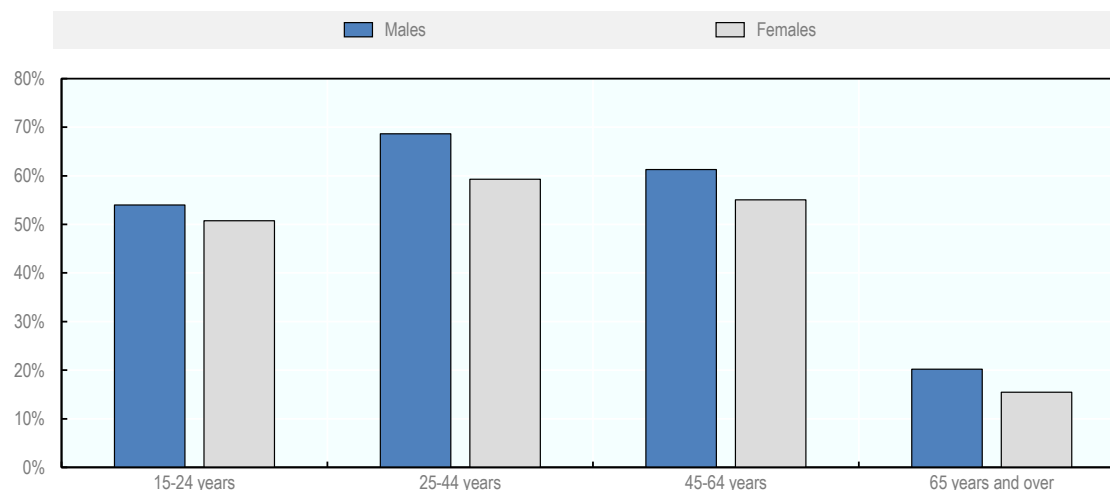


Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians (out of the total population of 11.9 million Australians) category “Indigenous status not stated” in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

When analysing the labour market participation rate for Indigenous Australians by age and gender, data show that, similar to the overall population, females were more likely than males to be out of the labour force across all age groups (see Figure 2.2). This is especially the case when looking Indigenous Australians aged 25-44 years – Indigenous males had a labour market participation rate of 69%, which was 10 percentage points higher than Indigenous females. When considering urban versus rural regions in Australia, about 50% of the Indigenous Australian population in non-urban areas were not in the labour force, compared to 43% in urban areas.

Figure 2.2. Labour market participation rate by age and gender, Indigenous Australians, 2016



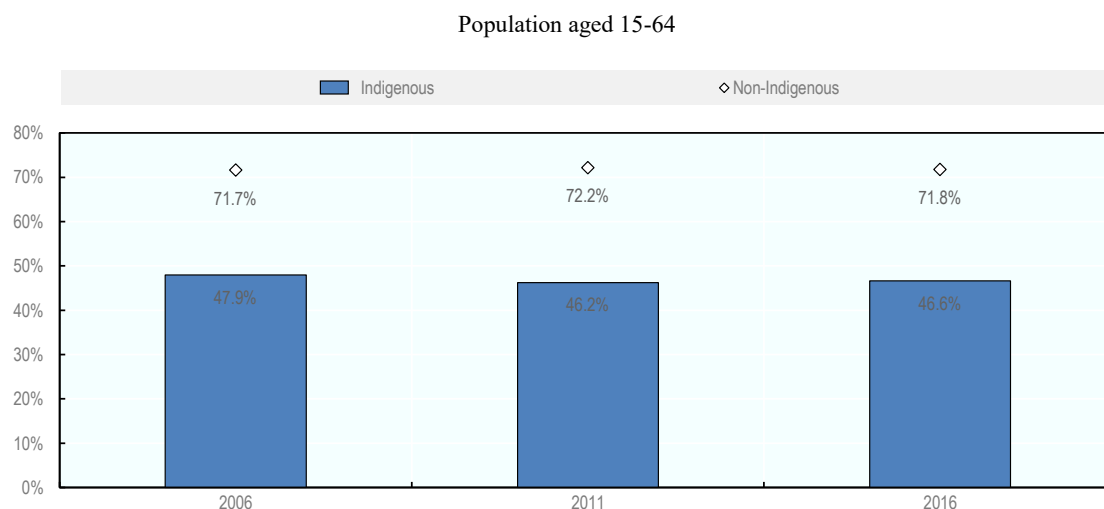
Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians (out of the total population of 11.9 million Australians) fell in the category “Indigenous status not stated” in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Employment rate trends, which consider the share of employed people out of the working age population, show a large gap between Indigenous and non-Indigenous Australians. The employment rate is a useful method for evaluating the health of a country’s labour market, considering that a high employment rate generally has a positive impact on a country’s GDP. The gap in the employment rate between Indigenous and non-Indigenous Australians has increased in the last decade from 23.7 percentage points in 2006 to 25.2 percentage points in 2016 (see Figure 2.3).

Similar to the differences in labour market participation and employment rates between 2006-2016, the gap in the unemployment rate has increased from 10.5 to 11.6 percentage points (see Figure 2.4). In 2016, Indigenous Australians had an unemployment rate of 18.4%, which is nearly three times higher than that of the non-Indigenous population (Australian Bureau of Statistics, 2016^[1]). Unemployment rates for Indigenous Australians generally decrease with age. Unemployment rates were highest among Indigenous Australians aged 15 to 24 years (27%) and lowest for those aged 65 years and over (7%). Looking across all age groups, the unemployment rates of Indigenous Australians are significantly higher than the non-Indigenous population. The biggest gap is for young people aged 15 to 24 years (27% for Indigenous Australians, compared with 14% for the non-Indigenous population) (see Figure 2.5).

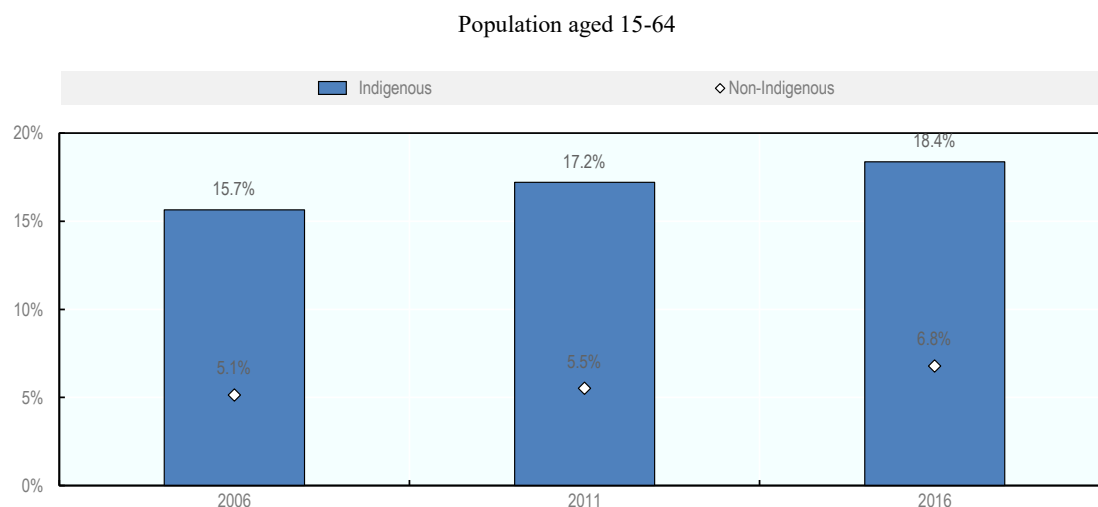
Figure 2.3. Employment rate, Indigenous and non-Indigenous Australians, 2006, 2011 and 2016



Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians (out of the total population of 11.9 million Australians) fell in the category “Indigenous status not stated” in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

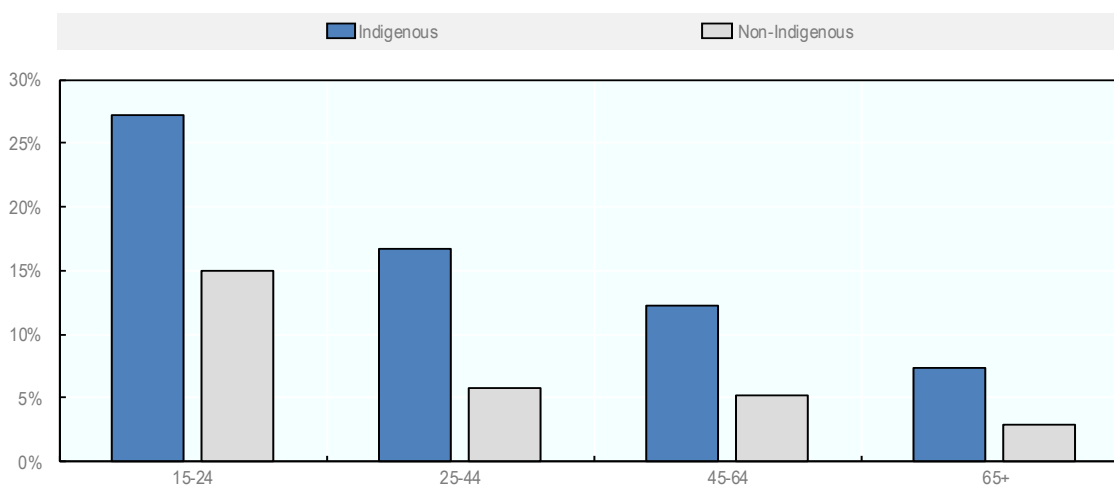
Figure 2.4. Unemployment rate, Indigenous and non-Indigenous status, 2006, 2011 and 2016



Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians (out of the total population of 11.9 million Australians) fell in the category “Indigenous status not stated” in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Figure 2.5. Unemployment rate by age comparing Indigenous and non-Indigenous Australians, 2016



Note: In the 2016 Australian census, there were three census categories for Indigenous status: Aboriginal and/or Torres Strait Islander, “Non-Indigenous”, and “Indigenous status not stated”. 1.4 million Australians (out of the total population of 11.9 million Australians) fell in the category “Indigenous status not stated” in 2016. That category is not included in this figure.

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Indigenous Australians face disparities in income

Table 2.1 illustrates that both the median personal income and the total household income of Indigenous Australians in 2016 was substantially lower than that of non-Indigenous Australians. For example, there was a gap of AUD 227 per week in median total personal income. Looking at median total household income, meanwhile, non-Indigenous Australians earned on average AUD 243 more per week than Indigenous Australians. This gap has been relatively stable since 2006. The Australian government has highlighted how low income is often associated with a wide range of disadvantages including poor health, shorter life expectancy, poor education, substance abuse, reduced social participation, crime and violence (Department of Prime Minister and Cabinet, 2014_[2]).

Table 2.1. Personal and household income, Indigenous and non-Indigenous Australians, 2016

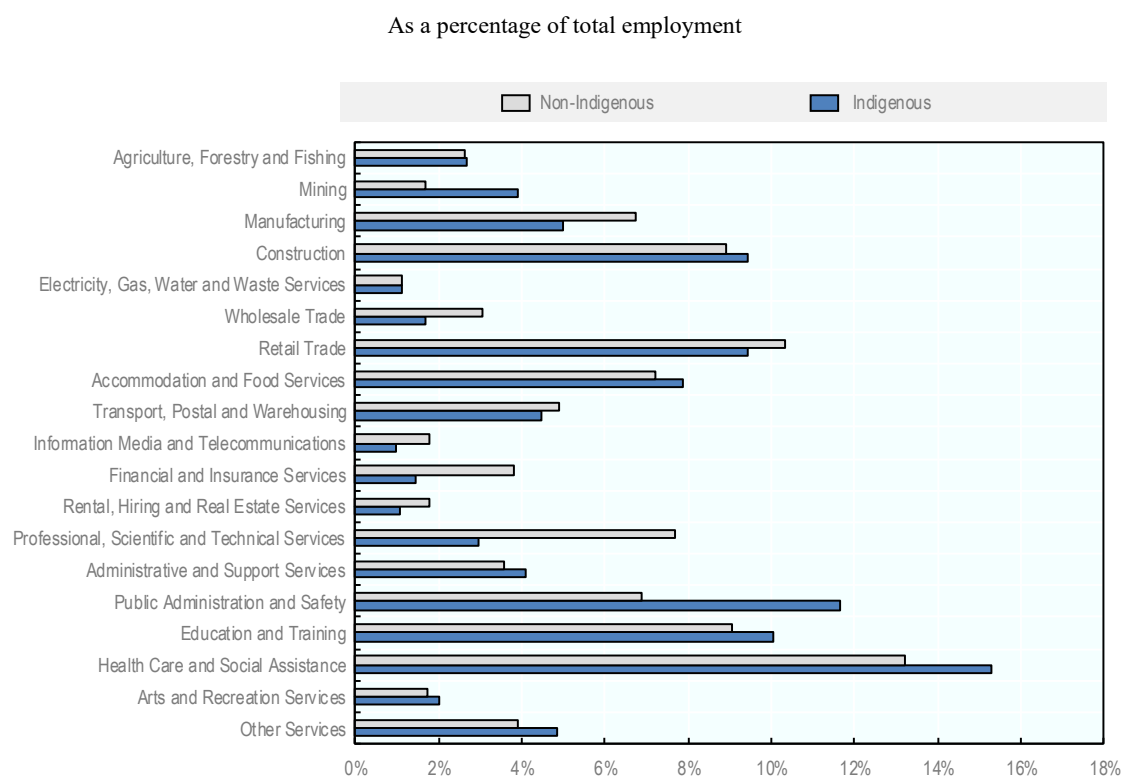
	Households with Aboriginal and/or Torres Strait Islander persons	Non-Indigenous persons/ other households
Median total personal income (AUD/weekly)	441	668
Median total household income (AUD/weekly)	1 203	1 446

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing, Catalogue no. 2002.0, available at <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>.

Low-income status is related to the jobs in which Indigenous Australians are employed

Indigenous Australians tend to work service-related sectors. For example, in 2016, more than 55% of the total employment of Indigenous Australians was concentrated in four sectors, these include Health Care and Social Assistance (15.3%), Public Administration and Safety (11.7%), Education and Training (10%) and Retail Trade and Construction (9.4%) (Figure 2.6). Considering knowledge-based industries, Indigenous Australians are less likely to be employed in Professional, Scientific and Technical Services, and in the Financial and Insurance Services occupations. In 2016, these industries represented about 4.0% of total employment for Indigenous Australians. When comparing the sectoral distribution of employment among Indigenous Australians between 2011-16, these trends have remained relatively the same over this five-year period.

Figure 2.6. Employment by industry comparing Indigenous and non-Indigenous Australians, 2016



Note: Non-Indigenous Identity also includes persons who did not specify an identity within the 2016 Census (the category "Indigenous Status Not Stated").

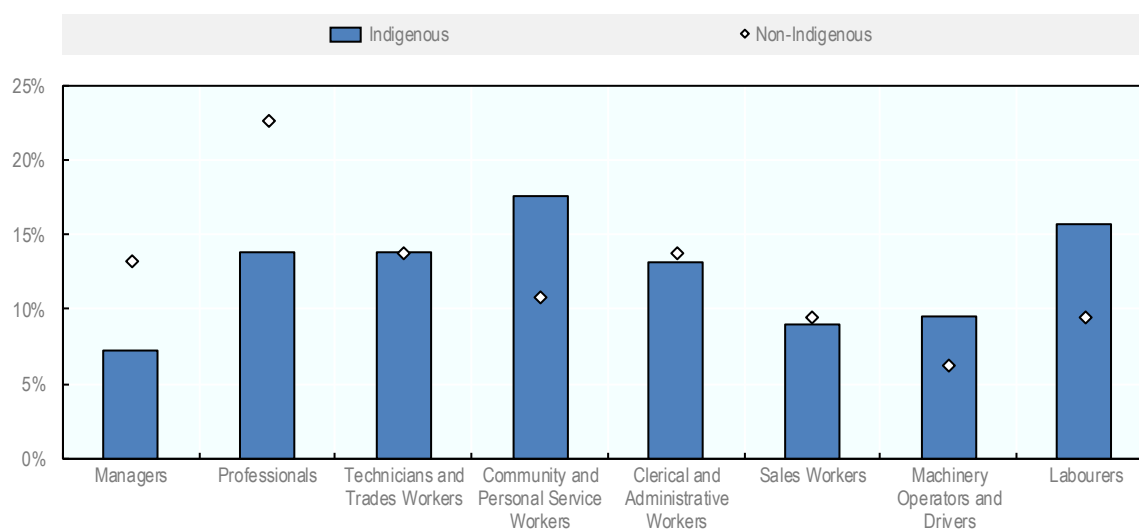
Source: Australian Bureau of Statistics, Census of Population and Housing, 2016.

The world of work is changing and some occupations are likely to face increasing risk of automation and job destruction going forward. About 36% of Australian jobs face a significant or high risk of automation. While this is less than the OECD average (46%), it means that a sizeable share of adults will need to upskill or retrain to meet the needs of future jobs (OECD, 2019^[3]). OECD research has also showed that the jobs most likely to

be automated are those occupations that generally require lower levels of skills (OECD, 2018^[4]).

When looking at occupational data, Indigenous Australians generally work in less-skilled occupations compared to the non-Indigenous population. They have lower shares of employment as Managers and Professionals and higher shares of employment as Machinery Operators and Drivers Labourers (Figure 2.7). When looking at medium-skilled occupations, the share of Indigenous employment is particularly high in Community and Personal Service Workers occupations (17.6% vs. 10.9% for non-Indigenous Australians in 2016). Trends over time also show that the gap between Indigenous and non-Indigenous Australians has decreased in the other medium-skilled occupations, such as Technicians and Trades Workers and Clerical and Administrative Workers and Sales Workers. The difference was over 1 percentage point for each occupation in 2011 and less than 0.7 percentage points in 2016.

Figure 2.7. Employment by occupation comparing Indigenous and non-Indigenous Australians, 2016



Note: Non-Indigenous Identity also includes persons who did not specify an identity within the 2016 Census (the category "Indigenous Status Not Stated").

Source: Australian Bureau of Statistics, Census of Population and Housing, 2016.

National policies and programmes supporting better Indigenous employment outcomes

Improving Indigenous employment is a national priority for the Australian Government. In acknowledgement of this, responsibility for Indigenous specific policy and services within the Australian Government sat with the Department of the Prime Minister and Cabinet until 1 July 2019 and now sits within the newly established National Indigenous Australians Agency. However, a range of national departments also play a critical role in contributing to the employment outcomes of Indigenous Australians, including the Department of Employment, Skills, Small and Family Business, the Department of Education, the Department of Human Services, the Department of Social Services, and the Department of Health.

Labour market and skills policies are generally developed by the Department of Employment, Skills, Small and Family Business. Consultation takes place in the form of meetings, requests for written input, and interdepartmental committees. A number of relevant Australian Government departments, including central agencies are normally consulted in the development of labour market policies. The Australian Government also regularly consults with other levels of government, key stakeholders, including Indigenous representative bodies, and the public through a range of mechanisms including public consultation processes. The approaches taken on these consultations may vary depending on the nature of the issue, the relevant interested partners and the coordinating areas.

Refreshing the Closing the Gap Targets

Under the Closing the Gap initiative, the Australian government has set a series of targets with the goal of reducing disparities between the Indigenous and non-Indigenous population. To monitor change, the Council of Australian Governments (COAG), a key intergovernmental forum in Australia between Commonwealth, State and Territory governments, set measurable targets in 2008 to monitor improvements in the health and wellbeing of Indigenous Australians. This included halving the gap in employment by 2018. While this employment gap target was not met, the Prime Minister’s recent 2019 Closing the Gap progress update notes that the government is committed to continuing to build evidence around what works to improve Indigenous outcomes (Department of the Prime Minister and Cabinet, 2019^[5]).

In December 2018, COAG agreed to a new set of targets under the Closing the Gap Refresh. Part of the refresh included putting Indigenous Australians at the heart of the development and implementation of the next phase of Closing the Gap. A Special Gathering of prominent Indigenous Australians presented COAG with a statement setting out priorities for a new Closing the Gap agenda to be guided by the principles of empowerment and self-determination and deliver a community-led, strengths-based strategy that enables Indigenous Australians to move beyond surviving to thriving (COAG, 2018^[6]). The refreshed framework recognised that:

“one level of government may have a greater role in policy and program delivery in relation to a particular target while another level of government may play a greater role in funding, legislative or regulatory functions. Meeting specific targets will require the collaborative efforts of the Commonwealth, states and territories, regardless of which level of government has lead responsibility”. (COAG, 2018^[6]).

In March 2019, A Closing the Gap Partnership Agreement was announced, which is a formal agreement between Commonwealth, state and territory governments, the National Coalition of Aboriginal and Torres Strait Islander Peak Organisations, and the Australian Local Government Association. At the heart of this approach was the establishment of the Joint Council on Closing the Gap, which includes ministers from each jurisdiction, twelve members of the National Coalition of Aboriginal and Torres Strait Islander Peak Organisations, and one representative of the Local Government Association. Under this agreement, it is acknowledged that:

“This new and formal partnership builds on the progress over the past 10 years under Closing the Gap and is a commitment to fundamentally change the way that governments and Aboriginal and Torres Strait Islander people work together in order to accelerate improved outcomes” (COAG, 2019^[7]).

In the area of employment, draft targets have been agreed with an outcome statement that Indigenous Australians will experience equality, opportunity and economic prosperity. To support this outcome, the draft COAG target aims for 60% of Indigenous Australians aged 25-64 years to be employed by 2028. It should be noted that these draft targets are still subject to finalisation through a partnership with Indigenous Australians representatives. That being said, the refreshed Closing the Gap emphasises the importance of co-designed policies and programmes. To this end, the Australian Government announced the Closing the Gap – Employment Services package under the 2017-18 Federal Budget, which included a number of new measures designed to increase employment outcomes for Indigenous Australians. One of these measures included piloting a community-delivered employment services model in the Yarrabah community of Queensland, where there are approximately 700 Indigenous job seekers (see Box 2.1).

Box 2.1. Towards a place-based approach to employment: The Yarrabah Employment Pilot

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 has established a new local community organisation to deliver employment services to the community. The Australian Government committed an additional AUD 5 million for a flexible funding pool available to support the delivery of the model, assist in building capacity of the service provider and deliver local employment and economic development projects.

Yarrabah was chosen for the pilot programme because it is the largest regional or remote Indigenous community in Australia. It is close to the major employment market of Cairns, and consultations with the community initiated the proposal. The Yarrabah community has an official population of 2 566 people. However, Yarrabah Aboriginal Shire Council estimates a total population closer to 4 000 people - noting the high level of transience that occurs.

The objectives of the trial are to respond to the needs of the Yarrabah community, to build its capacity to inform and set service delivery priorities. 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.

The Australian Government launched the trial on 2 July 2018, following a community co-design process. Key elements of the model include local community leadership, culturally appropriate service delivery, community involvement in decision-making, targeting the interests of participants and linkages to training, employment or a social outcome.

Wugu Nyambil ('holding onto work') delivers the service and is the result of a partnership between the Yarrabah Council and the Department of Employment, Skills, Small and Family Business. The community-delivered services have more Indigenous staff and a better understanding of the challenges facing Indigenous job seekers, and will build the capacity of the Yarrabah community to assist those looking for work. Staff members are either residents of Yarrabah or have a very close connection to Yarrabah.

As of 31 January 2019, there are around 680 job seekers participating in the pilot. The provider, *Wugu Nyambil*, has sourced a number of job vacancies with employers and placed

around 50 job seekers into employment while creating various activities for job seekers in the local labour market. Such activities include cooking, sewing, cultural art and craft, animal management, army reserve survival skills, accredited training in construction and rural operations, garden and property maintenance, skills for education and employment program (e.g. language, literacy and numeracy training), life guard and security guard courses; and assisted almost 100 job seekers to obtain or renew their driver's licence.

jobactive is a main employment programme that aims to get people into work

jobactive is the main employment services programme, which 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 (Department for Employment, Skills, Small, and Family Business, 2019^[8]). Under *jobactive*, job seekers receive assistance to improve their job readiness, and employability skills and employment applications. Service providers match job seekers with suitable work experience placements including through compulsory activities such as the Work for the Dole programme. Providers also support jobseekers and their employers once placed in a job, by giving access to other types of supports, including wage subsidies and or relocation assistance, and ensure that all job seekers are treated fairly and with respect in a culturally sensitive way.

Alongside *jobactive*, which is accessible to all Australians looking for work, the government funds employment programmes targeted to people with disabilities and youth. Disability Employment Services (DES) is managed by the Department of Social Services, with the goal to help people with disability find work and keep a job. DES providers are a mix of large, medium and small, for-profit and not-for-profit organisations that are experienced in supporting people with disability as well as providing assistance to employers to put in place practices that support the employee in the workplace.

Transition to Work (TTW) is an employment service to support young people aged 15-21 in getting a job. TTW is managed by the Department of Employment, Skills, Small and Family Business and from January 2020, this programme will be expanded to include 20-24 year olds. It provides intensive, pre-employment support to improve the work-readiness of young people and help them into work (including apprenticeships and traineeships) or education.

Providers are paid to get people into work

jobactive is designed to cater to the intensity of services to the level of disadvantage faced by the job seekers. As such, job seekers are assigned to a Stream A, B or C based on the possibility of them finding work on their own. An individual is assigned to a stream based on the Job Seeker Classification Instrument (JSCI). The JSCI (also known as the 'Job Seeker Snapshot') is a questionnaire used to measure a job seeker's relative difficulty in gaining and maintaining employment. The JSCI helps identify what level of support the job seeker will need to help them find work and identifies those job seekers who have complex or multiple barriers to employment that need further assessment (Department of Employment, Skills, Small, and Family Business, 2019^[9]). Job seekers complete the JSCI when they first register for employment assistance with the Department of Human Services (DHS) through Centrelink and any time they experience a change in their circumstances. The JSCI responses help to determine the appropriate employment service provider for the job seeker.

jobactive's performance management framework rewards employment outcomes

jobactive provides financial incentives for providers to support job seekers into employment through outcome payments which are paid when a job seeker gains employment and successfully remains in that job at 4, 12 and 26 weeks. To ensure providers deliver quality employment services and encourage best practice, providers delivering services under *jobactive* are subject to a comprehensive performance management framework. This includes a robust methodology (referred to as Star Ratings) assessing the provider's performance and comparing the provider's performance against other employment service providers, at the provider and local level. *jobactive* takes into account the differences in labour market conditions and the relative disadvantage of job seekers on the provider's caseload. There are a range of specific performance indicators related to achieving employment outcomes for Indigenous and non-Indigenous job seekers (see Box 2.2).

Box 2.2. *jobactive* Performance Management Framework

The Star Ratings inform job seeker and employer choice as well as the business review and reallocation processes. Performance is calculated against six performance measures for each Stream. Job seekers, under *jobactive*, are assigned to Stream A, B or C based on their assessed level of disadvantage (with A being less disadvantage to C being the most disadvantaged job seekers).

Performance Measures and Weightings	
Performance Measure	Weightings
26 Week Outcomes – All Job Seekers	50%
26 Week Outcomes – Indigenous Job Seekers	10%
26 Week Outcomes – Time to Placement	10%
12 Week Outcomes	10%
Work for the Dole Phase – Participation	10%
Time to Commence in Work for the Dole / Activity	10%

For five of the six performance measures, regression analysis determines the performance levels which could reasonably have been expected given the individual characteristics of the job seekers assisted and the characteristics of the local labour market. Star Ratings are calculated quarterly and use a two-year rolling assessment period.

In 2017, the Australian Government announced the Closing the Gap – Employment Services package which included an increase in the weighting of Indigenous outcomes in the *jobactive* Star Ratings. It introduced the Indigenous Outcomes Incentive (IOI) to the Star Ratings from December 2017. As a result of the IOI, each *jobactive* provider's Star Rating percentage is adjusted upwards (bonus) or downwards (demerit) based on the

employment outcome rates it achieves for Indigenous job seekers compared with non-Indigenous job seekers on its caseload. This change increases the incentive for providers to implement strategies to help Indigenous job seekers find sustainable employment.

Source: Department of Employment, Skills, Small, and Family Business (2018), Job Active Performance Framework, available at <https://docs.jobs.gov.au/documents/performance-framework-guideline> (Accessed September 15, 2018).

The Employment Fund provides flexible funds to tailor employment services and supports

jobactive providers receive administration fees and can access the Employment Fund to pay for a number of goods and services, including training and other support to improve a job seeker's job-readiness and help them succeed in employment. Through the Fund, *jobactive* supports access to services that address pre-employment needs, builds soft skills, addresses non-vocational barriers (e.g. health and psychological services), provides targeted employer required training, counsels and mentors applicants and delivers practical support to individuals such as assistance with transport or equipment needed in the workplace.

A *jobactive* provider must first pay for eligible purchases and then claim reimbursement through the Employment Fund. A provider must therefore ensure the purchase meets the Fund principles before purchasing goods and services, which include 1) provides eligible participants with the work-related tools, skills and experience that correspond with their difficulties in finding and keeping a job in the relevant labour market; 2) provides value for money; 3) complies with any work, health and safety laws that may apply; 4) withstands public scrutiny, and 5) will not bring employment services or the Government into disrepute (Australian Government, 2019_[10]).

The future of employment services

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. To help shape the new model, an independently chaired Expert Advisory Panel was appointed in January 2018. The Panel includes a focus on Indigenous training and employment. Technological developments, a changing economy, and shifts in the way job seekers and employers connect mean the Australian Government needs to think differently about the design of future employment services. The new model will look to harness digital technology, enabling better targeting of enhanced services to those who need it most.

As part of this consultation, the views and experiences of a diverse range of Australians, including Indigenous job seekers, employers, and other stakeholders, was sought through both face-to-face and broad public discussion paper consultations in mid-2018. The new model, while needing to deliver generalist employment services, will be culturally competent, and designed to build capacity and empower Indigenous Australians. The recent 2019 Australian Budget announced a series of new measures on the future of employment services in Australia (see Box 2.3).

Box 2.3. The Australian Government's new employment services model

The development of the new employment services model involved extensive consultation with more than 1 400 stakeholders including job seekers, employment services providers, industry representatives, employers and peak bodies, and independent advice delivered by the Employment Services Expert Advisory Panel in its report to Government. The new model is being piloted in two regions from July 2019 before being rolled out nationally from July 2022.

For job seekers, the new model will provide service options to support them to find a job, a better digital platform and more flexibility to meet mutual obligation requirements. Job seekers who are job-ready and digitally literate will enter Digital Services and self-service online. These job seekers will be able to access online tools to help them make informed choices about their job search, as well as a contact centre to help answer questions and provide advice via phone or email.

Job seekers in Digital Services who need extra support will be able to access digital services and receive additional support as needed. This may include training to help use the digital service, skills training, or funding to pay for a wage subsidy, tools or a licence. Job seekers may also engage with any other complementary programmes they are eligible for, such as PaTH Internships or Career Transition Assistance.

The most disadvantaged job seekers will receive Enhanced Services delivered through employment services providers. 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 services such as career guidance, mentoring, vocational training, assistance in accessing non-vocational services such as counselling, work experience, job placements and post-placement support.

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. The new settings will be tested and evaluated and enhancements made through a co-design process with providers, employers and job seekers. The department will work closely with providers in these regions to establish and deliver the pilots. Current *jobactive* contracts will be extended until June 2022 in all other regions, while elements of the new model are tested.

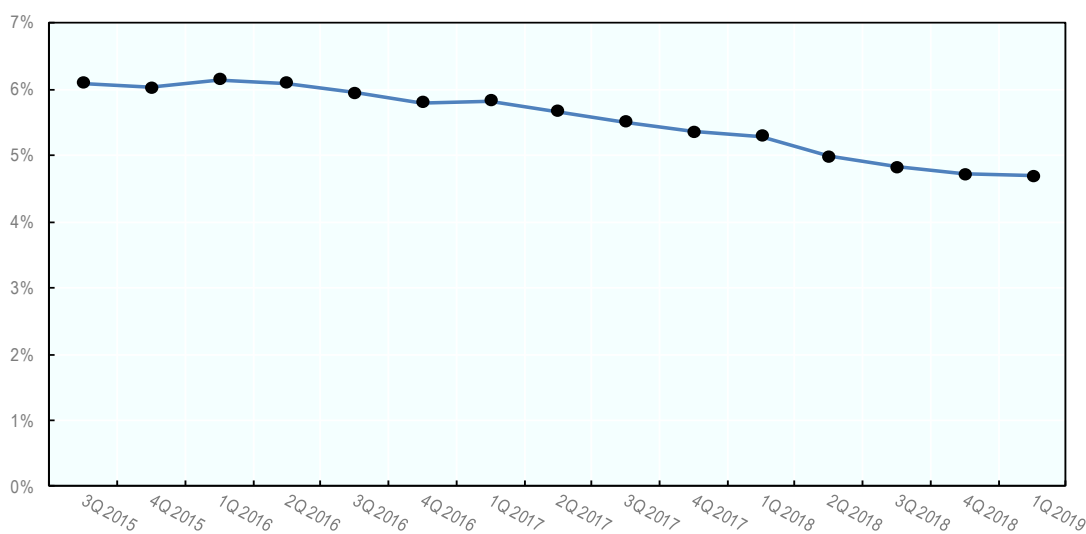
Indigenous Australians represent an increasing proportion of the jobactive caseload

The overall Australian labour market has shown some positive signs with unemployment sitting around 5.2%, which is the lowest level since 2012. This trend is reflected when looking at the overall *jobactive* caseload. When comparing the total caseload to the overall Australian labour force (see Figure 2.8), the caseload size moved from 6% in 2015 to 4.7% in the first quarter of 2019. In absolute terms, the total caseload declined from 762 206 persons in 2015 to 631 042 in the first quarter of 2019, a drop of 131,164 people. The most likely reason for this positive improvement is that these people have found work.

Despite this overall positive trend, Indigenous Australians represent an increasing proportion of the overall *jobactive* caseload (see Figure 2.9). The Indigenous caseload 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%. As of the first quarter of 2019, there were 72 310 Indigenous Australians on the *jobactive* caseload.

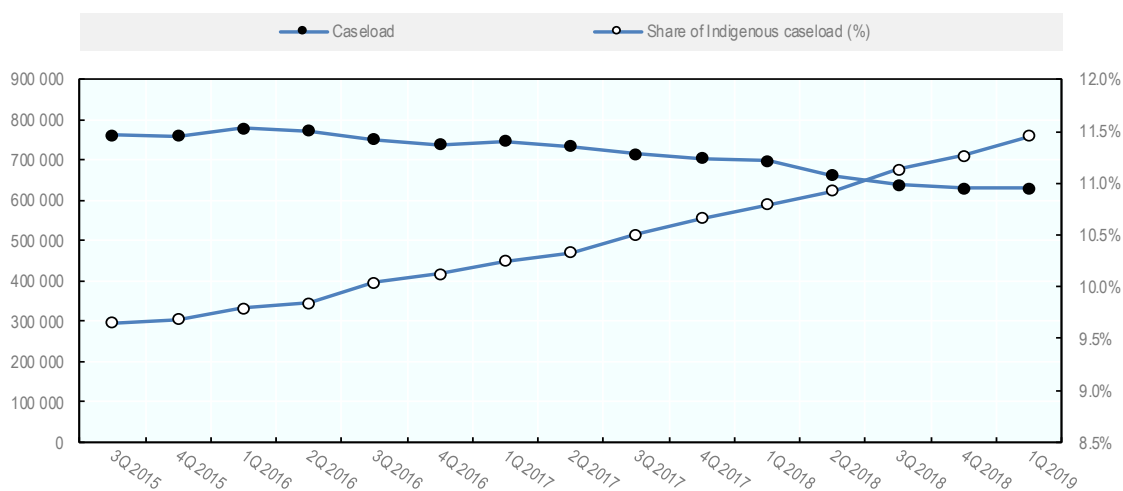
Figure 2.8. Total *jobactive* caseload as a share of the total labour force in Australia, Q3 2015 - Q1 2019



Source: Department of Employment, Skills, Small, and Family Business administrative data

Figure 2.9. Comparing the share of Indigenous Australians to the total *jobactive* caseload, Australia, Q3 2015 - Q1 2019

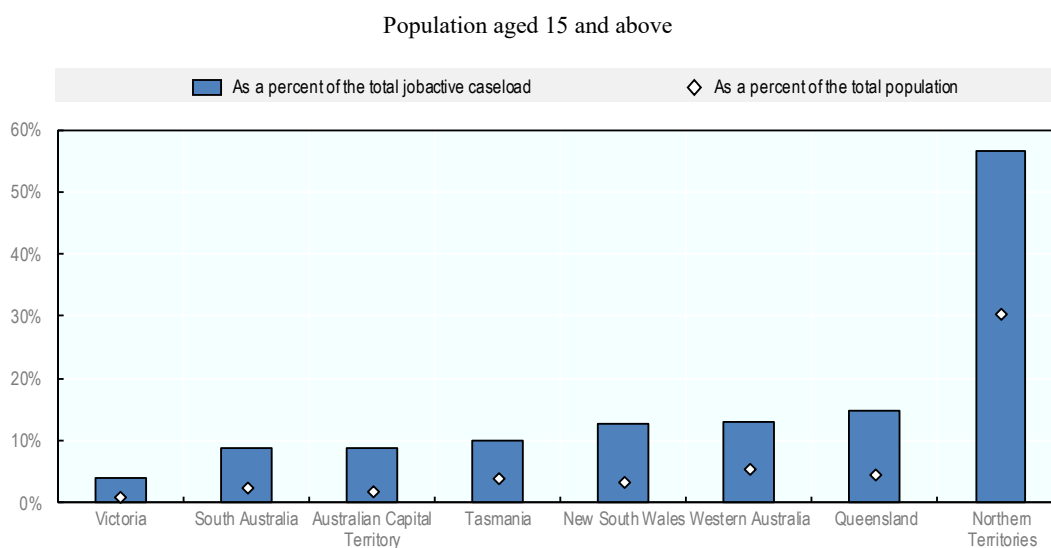
Population aged 15 and above



Source: Department of Employment, Skills, Small, and Family Business administrative data

In terms of the overall share of the Indigenous caseload by Australian states, the Northern Territory shows the highest proportion of Indigenous Australians as a percentage of the *jobactive* caseload, at 56.8% in 2018. Victoria shows the lowest percentage at 3.8%, while New South Wales and Western Australia have higher proportions at 12.6% and 13.0% respectively (see Figure 2.10). In all states and territories, Indigenous Australians represent a higher share of the overall *jobactive* caseload than their overall share of the state population. This demonstrates that Indigenous Australians tend to be over-represented as a demographic group within *jobactive*.

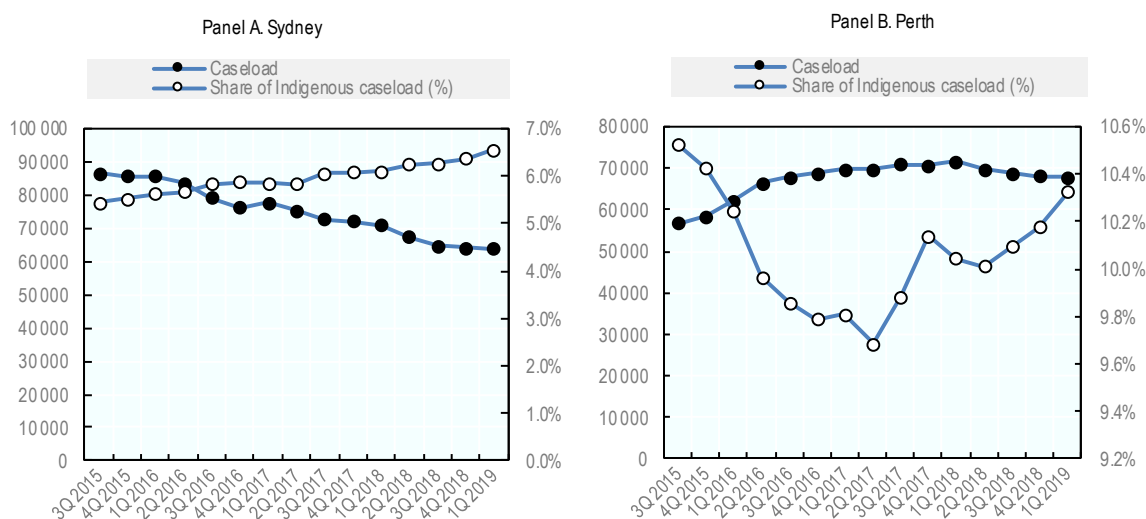
Figure 2.10. Comparing Indigenous Australians as a percentage of the *jobactive* caseload by state or territory, 2018



Source: Department of Employment, Skills, Small, and Family Business administrative data

When looking at how these trends play out in the cities of Sydney and Perth, there is a more mixed picture. In Sydney, the trend is similar to the national trajectory with Indigenous Australians increasing as an overall proportion of the *jobactive* caseload. As of the first quarter of 2019, Indigenous Australians represented 6.6% of the caseload. While this is below the overall national average, it represents an increase of 1.1 percentage points since 2015. In Perth, the trend has been more cyclical, likely because of the presence of mining jobs in the region that brings opportunities for “fly-in, fly-out” jobs. Indigenous Australians represent 10.3% of the overall *jobactive* caseload, which is an improvement since 2015.

Figure 2.11. Total *jobactive* caseload and share of Indigenous Australians among the total *jobactive* caseload, Sydney and Perth, Q3 2015 - Q1 2019



Source: Department of Employment, Skills, Small, and Family Business administrative data

There are a number of targeted programmes that complement jobactive and aim to connect Indigenous Australians to jobs

The Australian Government introduced the Indigenous Advancement Strategy (IAS) with the objective of achieving results in the key priority areas of getting children to school, adults into work, and building safer communities. Under this strategy, many individual programmes and activities have been streamlined into five broad programmes to make it easier for organisations delivering important services in communities.

The Community Development Program (CDP) supports both Indigenous and non-Indigenous job seekers in remote Australia to build skills, address barriers and contribute to their communities through a range of flexible activities. CDP operates in over 1 000 communities across Australia, and supports approximately 30 000 people, of which around 84% are Indigenous Australians. Activities available for remote job seekers can include formal training, with the opportunity to gain a qualification, or foundational skills training such as language, literacy and numeracy training, and driver training.

Outside of the CDP, Tailored Assistance Employment Grants are available to support activities that connect working-age Indigenous Australians with real and sustainable jobs, as well as support Indigenous school student transitions from education to sustainable employment, including funding for cadships which combine formal vocational training with practical work experience. In addition, grants can provide employers with support that assists them to employ and retain Indigenous Australian job seekers.

The Employment Parity Initiative (EPI) works with large Australian companies to become Employment Parity Partners and commit to Indigenous workforce targets. While the initiative aims to bring an additional 20 000 Indigenous job seekers into employment by 2020, another aim is to help build the internal capability of employers to recruit and retain Indigenous job seekers. As of May 2019, 15 companies have signed up to the EPI, securing a commitment of 10 700 jobs. Participating companies use their networks to encourage other large employers to follow suit and increase Indigenous employment.

The Away From Base mixed-mode programme (AFB) supports Indigenous students who are studying an approved mixed-mode course by distance education to access compulsory course elements in another location away from their permanent home for short periods of time. A 'mixed-mode' AFB course is a nationally accredited course that is delivered through a combination of distance education and face-to-face residential teaching. AFB contributes towards the costs of travel, meals and accommodation only.

The job prospects of Indigenous Australians are often impacted by their disproportionate level of incarceration. For example, incarceration rates for Indigenous Australians are now 15 times that of other Australians. Additionally, the re-offending rate for Indigenous Adult males is 77% compared to just 51% for non-indigenous males (Department of the Prime Minister and Cabinet, 2014^[11]). Recognising the difficulty that Indigenous Australians face in finding work when they leave prison, the Government is implementing the Time to Work Employment Service programme, which supports Indigenous Australians in prison through access to in-prison employment services, the development of a transition plan, and a facilitated transfer to their post-release employment service provider.

Vocational Training and Employment Centres

In addition to the programmes outlined above targeting Indigenous Australians, the Australian Government has committed to support Vocational, Training & Employment Centres (VTECs) to deliver jobs for Indigenous job seekers (Department of the Prime Minister and Cabinet, 2019^[12]). Currently, there are 31 VTECs that connect Indigenous job seekers with guaranteed jobs and bring together the support services necessary to prepare job seekers for long-term employment. VTEC providers work closely with employment services, Indigenous communities and industry employers to source, train and support Indigenous Australians into jobs. VTEC providers prepare the job seeker for a guaranteed job before the job starts, and then provide wrap around support for the first 26 weeks of work, at no cost to the employer. VTECs operate with the support and involvement of local Indigenous communities and their leaders. VTECs aim to be aligned to the values and needs of both Indigenous communities and employers.

VTECs receive outcome payments at staggered milestones – 4, 13 and 26 weeks in employment. VTECs are also expected to identify and source reasonable contributory funding through various sources, including *jobactive* organisations, state governments, employers and community organisations. *jobactive* providers can also claim their outcome payments as per their funding agreement. The outcome payments claimed by the VTEC and the *jobactive* provider are not considered duplication of funding unless the VTEC is the *jobactive* provider.

VTEC and *jobactive* organisations communicate frequently to ensure the training and other activities a participant is undertaking in VTEC are reflected in the job seeker's Job Plan and will meet their participation mutual obligation requirements (Department of the Prime Minister and Cabinet, 2019^[12]). *jobactive* organisations, including those which are also VTEC providers, can use the Employment Fund (as described earlier) to assist job seekers. VTECs also work with DES, CDP, and other Australian and state and territory government programmes to support Indigenous Australians into work.

Programme principles emerging from the case studies at the local level

This OECD report looks at the implementation of employment and training services in Sydney and Perth to better understand how local organisations are working with Indigenous

Australians to link them to jobs. This section of the chapter highlights some key principles gathered from the case studies about the delivery of employment services.

Indigenous-led delivery can contribute to better employment outcomes

According to the feedback gathered from service providers and local stakeholders consulted for this OECD study, a key principle guiding successful programme delivery is strong capacity and leadership. In particular, several of the case studies noted that an Indigenous leadership team ensures that design and delivery of programmes are meeting the needs of Indigenous Australians in a culturally appropriate manner. Many of the providers interviewed for this study are Indigenous owned and operated. Indigenous leadership can help to build trust between service providers and Indigenous job seekers in order to define career aspirations and determine 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.

In Sydney, a good example is the Yarn'n Aboriginal Employment Service, which 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. For those who do not self-identify as Indigenous, staff participate in job shadowing upon arrival and receive bonus incentives as motivation to reach goals as an organisation. 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.

In Perth, Indigenous leadership was critical in setting up the Wirrpanda Foundation. David Wirrpanda set-up the organisation in 2005 with the goal of leading employment and training services targeted to Indigenous Australians. Similarly, PEEDAC is an Indigenous owned and operated, not for profit organisation that provides a range of services. PEEDAC was founded in 1997 and is a wholly owned subsidiary of Kaarta-Moorda Aboriginal Corporation (KMAC).

Wrap-around services and intensive case management strategies can address multi-faceted and complex employment barriers

The current *jobactive* model encourages regular monitoring and evaluation to ensure that programmes and services are efficiently targeted to those individuals who face the most disadvantage. The funding model places a strong emphasis on placing job seekers into a job with full funding granted to providers when a job seekers works for 26 weeks. Some of the case studies have measured their outcomes for longer periods and considered other indicators as measurements for success. For instance, atWork Australia looks to the number of referrals and feedback from the community. All providers interviewed for this OECD study noted that it is at the 26 week period where the employment retention rate of non-Indigenous job seekers outpaces Indigenous Australians.

According to feedback from the case studies for this OECD study, the current funding model can sometimes rush participants into jobs whether the job seeker is ready or not for employment. To mitigate this, many of the case studies have a strong focus on the initial in-take assessment to develop a full understanding of the needs of each job seeker and ensure that their barriers are addressed before entering employment. It is clear that both skills training combined with intensive employment counselling are critical to achieving meaningful employment outcomes over the long-term.

Some of the providers consulted for this OECD study noted the streaming system under *jobactive* can present complications when serving Indigenous Australians. As many job seekers come wanting to work, when asked about their circumstances they report that their outcomes are higher than reality because they are afraid of deterring employers. For example, several job seekers may approach a provider as Stream A applicants, which is typically for candidates who would be able to obtain work the fastest. However, they end up having a criminal record and/or other significant barriers, which would justify a more intensive Stream of services. This is sometimes related to when Centrelink misidentifies candidates' potential streams. Further hurting the streaming process, Centrelink often asks candidates' questions that are not culturally appropriate for Indigenous Australians.

While the 26 week outcome is important in getting people into a job, it is also critical to assess whether or not Indigenous job seekers require more support and resources to acquire basic skills before entering the job market. For example, in Perth, atWork Australia tests for literacy and numeracy and provides a programme for adult literacy. In addition, the Wirrpanda Foundation has an assessment centre to better understand candidates' potential. Wirrpanda's FIT 4 WORK programme also helps candidates gain a sufficient level of physical fitness necessary to perform certain jobs.

AtWork Australia is committed to creating relationships, understanding and respect with Indigenous Australians. AtWork has documented this commitment in their Innovate Reconciliation Action Plan (RAP) 2017-19 (AtWork Australia, 2019_[13]). The organisation provides employment services, recognising that Indigenous Australians face vocational and non-vocational barriers to employment that are best resolved via a specialist approach. Their staff and partners have substantial experience delivering services related to mentoring, support and employment in a culturally aware context. Their team works to deliver services that account for family networks and history, engaging with the surrounding community with the goal of uncovering motivations and barriers to employment.

Over the long term, it is fundamental for providers to actively work with the job seeker and employer to anticipate what supports are needed to sustain the job once the match has taken place. This will contribute to sustainable employment, while also reducing the possibility of the jobseeker returning to the caseload. In some cases, providers are delivering a number of national employment programmes, which provide them with a bundle of options under which they can cater their services to Indigenous Australians. For example, Olympus Solutions in Sydney participates in Disability Employment Services (DES), Work Ready, VTEC, *jobactive* and ParentsNext. This approach allows Olympus Solutions to address a variety of issues through diversified revenue streams at a large scale.

For its *jobactive* programmes in Sydney, Olympus Solutions approaches each client's needs using the Energise Model (Olympus Solutions, 2019_[14]). This model is based on a set process: job seekers register their employment on a work search portal and partake in an in-person interview to assess job goals, while the organisation identifies employers looking for the job-seekers skills and tries to find employment and ensure candidates hold their job. The Energise Model places a strong emphasis on job seeker follow-up after they have been placed in a job. Counsellors liaise with the placed job seekers once a week for a 12 week period to monitor how the employment placement is proceeding.

The Yarn'n Employment Service addresses individual job seekers through holistic, wrap-around services. They offer pre-placement readiness training to ensure Indigenous Australians have the right employability skills to find a job (Yarn'n Aboriginal Employment Service, 2019_[15]). Yarn'n also offers post placement support, which aims to

connect Indigenous Australians already working to mentors whose objective is to build perceptions of self, career and choices. Each consultant is assigned to the same job seeker from the beginning to end of their interaction with Yarn'n.

Having dedicated staff that actively work with employers to support Indigenous employment can generate new job opportunities

It is often the case that employment services providers have a “reverse marketing” function. Reverse marketer’s target specific employers with whom the jobseeker is likely to be able to find sustainable employment. This means understanding the skills, attributes and desire of the jobseeker to work in a specific industry and matching these to local employers who are most likely to need additional labour, and having a strategy to “sell” the jobseeker to these employers. It is in the best interests of both providers and jobseekers that providers target their reverse marketing activities according to the needs of their local labour market and the skills and aspirations of the individual jobseekers on their caseload.

One way to avoid the inappropriate use of reverse marketing is to separate the reverse marketer in the office from other roles. For example, according to the case studies interviewed for this OECD study, it is best if the employment consultant (e.g. the individual who has direct contact with jobseekers) does not participate in reverse marketing. Instead, it is preferable if this role is allocated to a specialist reverse marketer who is one-step removed from the jobseeker. This reduces the risk that employment consultants push unsuitable jobseekers onto employers. The separation is also justified by the particular attributes required for effective reverse marketing: a strong connection with the local industry that takes a long time to build.

In Sydney, the Yarn'n Employment Service draws on extensive experience to assist employers in building policies, programmes and practices to maximise the success of Indigenous candidates and Indigenous employment programme (Yarn'n Aboriginal Employment Service, 2019^[15]). This includes cultural awareness training for employers and support as a means of achieving long-term employment outcomes for Indigenous Australians. All programmes aim to tailor to the expectations of the employer and include essential information on the impact of colonisation, poverty and social exclusion, communicating effectively Indigenous culture and values.

In Perth, the Wirrpanda Foundation works with employers to ensure their work environment is appropriate and accessible for Indigenous employees. To do so, Wirrpanda uses a tier ranking system within their employer network. The tiers indicate how much time and resources Wirrpanda should invest for each employer relationship to improve the workplace environment for Indigenous Australians.

Leveraging local partnerships and networks builds community-led employment programmes

Previous OECD research has highlighted how the contracted-out employment services model in Australia can create competition among service providers locally (OECD, 2014^[16]). This work highlighted how the outcome-based framework can foster competition at the local level as service providers focus on achieving results to ensure they remain financially viable. Additionally, competition can deter stakeholders from sharing information and resources across service delivery organisations. While employment service providers previously received bonuses for joint efforts in placing a candidate, this practice has fallen out of use.

According to the interviews conducted for this OECD study, in practice, employment service providers do not have a strong incentive to collaborate since funding for joint placements may have to be split between providers. Despite this potential barrier, providers often do share information with the goal of having the greatest impact. Several providers offer different programmes and services, therefore a collaborative approach to job placements could be more successful if organisations can share complementary resources.

In Perth, the Wirrpanda Foundation draws on its local networks to offer a number of innovative employment programmes designed to connect Indigenous Australians to jobs through community leaders and organisations. These include the P242 Employment Programme as well as the Bidi Waalitj (see Box 2.4).

Box 2.4. Employment Programmes at the Wirrpanda Foundation

Bidi Waalitj

The Bidi Waalitj employment programme is an initiative between the Wirrpanda Foundation, West Coast Eagles and The Department of Employment, Skills, Small, and Family Business. The programme works with Indigenous Australians between 15-24 years of age in the Perth metro area to help place them into suitable employment.

The origin of the program's name comes from the Noongar nation, in particular the Wadjuk language group, where Bidi means 'path' and Waalitj translates to 'eagle'. The name was selected to represent the path of the eagle and signifies the valued partnership between the West Coast Eagles (a professional Australian rules football club) and Wirrpanda Foundation, as well as the journey to employment the programme's participants experience. The West Coast Eagles play a pivotal role in the partnership, leveraging the club's strong business networks to connect prospective employers to the programme, resulting in jobs for young Indigenous Australians.

The P242 Programme

The P242 programme is aimed at inspiring and creating opportunities for long-term unemployed Indigenous Australians aged 18+ to reach their full potential and gain employment. The Wirrpanda Foundation's weekly FIT 4 WORK programme for Indigenous job seekers runs every Thursday in East Vic Park. Their activities aim to improve physical fitness, self-confidence, employability and networking opportunities.

Consistent attendance in this programme is expected to improve the opportunities to find full time employment. The Foundation's mentors deliver the weekly programme and provide mentoring support for participants whilst also improving the health and wellbeing of attendees. Following a physical activity session, job seekers also participate in industry-specific training and work readiness aimed at better preparing them for employment.

Source: (Wirrpanda Foundation, 2019^[17])

What can Australia learn from other OECD countries?

Customising employment services to Indigenous needs

Some OECD countries are adapting their active labour market policies and programmes to ensure that services are targeted to meet the specific needs of Indigenous people (OECD,

2018^[4]). In general, OECD research has highlighted the importance of moving away from a job-first focus to ensure services can be catered to basic and foundational skills training that addresses the challenges that often prevent Indigenous people from maintaining a job.

To address Indigenous unemployment, OECD countries either use employment services available to the general public or a specified offering of services or programmes targeted to the needs of Indigenous clientele (OECD, 2018^[4]). Some programmes also include pre-employment and employment retention services to enhance offerings to beneficiaries.

In Sweden, the Swedish Public Employment Service (*Arbetsförmedlingen*) is responsible for managing employment services for all citizens, both Sami and non-Indigenous people. The *Arbetsförmedlingen* is divided into four market areas, further categorised into 68 labour market regions. *Arbetsförmedlingen* provides services at this geographical level (Government Offices of Sweden, n.d.^[18]).

Arbetsförmedlingen offers services to prepare and connect job seekers to employment, provide unemployment benefits, evaluate a jobseeker's skills and compatibility to particular sectors and resources to start a business (Swedish Public Employment Service, 2019^[19]). *Arbetsförmedlingen*'s employment services provide opportunities for unemployed 20-25 year olds to participate in traineeships part-time while enrolled in vocational training. The employment services also offer jobseekers the option to receive more support in the workplace through provision of a supervisor. The supervisor is paid by the Public Employment Services for their role managing the jobseeker during the trial work experience.

Employment services for Indigenous and non-Indigenous Norwegians are delivered through the Norwegian Labour and Welfare Administration (NAV). NAV employs 19 000 people in 456 offices located in different municipalities and cities districts. NAV and local authorities together decide what will be offered in each location. As such, services are geographically customised to the needs of each local community (Norwegian Labour and Welfare Administration, n.d.^[20]).

NAV provides benefits similar to Sweden, such as unemployment and wage subsidies for those who need adaptations to their work environment. For employment services, NAV also provides a Qualification Programme that helps jobseekers develop skills. The Qualification Programme is designed for fulltime vocational work to jobseekers of all ages. The programme includes “work-oriented activities, training activities, and close individual follow-up and guidance” components (Norwegian Labour and Welfare Administration, n.d.^[20]). NAV also has programmes to assist with job retention, such as work mentorship, and additional support from on-site supervisors (Norwegian Labour and Welfare Administration, n.d.^[20]).

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 (OECD, 2018^[21]). In general, the federal government in Canada has moved to an employment services management system that places a stronger emphasis on high quality jobs and providing Indigenous service delivery organisation with more autonomy in how they delivery 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.

Among the service delivery organisations in Canada, the Winnipeg-based Centre for Aboriginal Human Resource Development (CAHRD) provides a good example of a local

organisation providing comprehensive services to Indigenous job seekers. Based in Winnipeg, Manitoba, CAHRD's services focus on, and are co-ordinated to meet, the needs of Indigenous people as they adapt to the challenges of a modern urban setting. According to CAHRD, 2 000 people annually receive employment services, with 800 placed in successful employment and 400 receiving education and training (Centre for Aboriginal Human Resources Development, 2019^[22]).

CAHRD has three employment departments, which work under one location in a one-stop-shop delivery framework: Central Employment Services, Staffing Solutions and Aboriginal People with Disabilities Program (Centre for Aboriginal Human Resources Development, 2019^[22]). The Central Employment Services help Indigenous people in developing an action plan to successfully attain career goals, by offering one-on-one counselling services, referrals to academic upgrading or post-secondary training, free step-by-step support, including career exploration, training options, job search strategies, workshops and access to an ICT resource centre. Employment counsellors offer career exploration options, referrals to employment, education and training, and job search strategies.

Using digital technology to deliver employment services to Indigenous Peoples

With the increasing diffusion of technology, many employment services across the OECD have started to look for opportunities to embrace digital technology in the overall delivery of labour market programmes. Public employment services, such as the VDAB (Flanders, Belgium) or Korea's Employment Information Services have recently introduced Artificial Intelligence support for competence-based matching.

Under these systems, digital technology is being used to look at how to automatically match job seekers with the best available job or task based on their actual skills of job seekers, independent from their official and certified qualifications. The challenge for Indigenous employment services delivery is that Indigenous people often lack digital literacy skills that can help them fully embrace the use of such technology for more efficient job matching.

There are examples in which Australia can look for policy inspiration specifically using digital technology to offer services for Indigenous job seekers. For example, in the 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 (Nativehire, n.d.^[23]).

Supporting youth transitions into the labour market

With the projected changes in the world of work, OECD research has shown that youth in particular will face major challenges in terms of jobs that are more likely to be vulnerable to automation (OECD, 2019^[3]). This is why it is important to focus programme and policy development on better linking youth to a first job and work experience. The longer younger people are out of the labour force, the higher the risk that they will fall into long-term unemployment or inactivity. Long periods of unemployment for youth have been shown to have potential "scarring" effects, which have a harmful impact in later life, particularly for NEET youth. It can lower future income levels, skills validity, future employability, job satisfaction, happiness and health levels (OECD, 2013^[24]).

Ensuring employment success for young Indigenous people is a policy issue of particular relevance locally. Barriers preventing young Indigenous people from successful transition into employment are often multifaceted in nature and responses need to come from a wide array of policy areas. It is at the local level that government policies can be integrated and combined with place-based initiatives to provide multidimensional responses to complex problems (OECD, 2013^[24]).

For example, The Ministry for Pacific Peoples in New Zealand has established the Pacific Employment Support Service (PESS) programme to help young Pacific Islander Peoples find employment and complete further training or study (Ministry for Pacific Peoples, n.d.^[25]). Funded by the Ministry, the 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. PESS co-operates with families and local communities and places jobseekers into sustained employment. Increasing Pacific income and building Pacific leadership are priority focus areas for the Ministry.

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.

From 2010 to 2018, the programme has achieved the following results: 2 246 young Pacific Islanders have participated in the programme, 1 072 have been successfully placed into employment, 231 have achieved continuous employment over 12 months, almost 700 have found training placements and over 140 people have completed training qualifications. The Ministry plans to continue the implementation of this programme and expects to place 1 000 Pacific NEET people in employment or training between 2019 and 2020.

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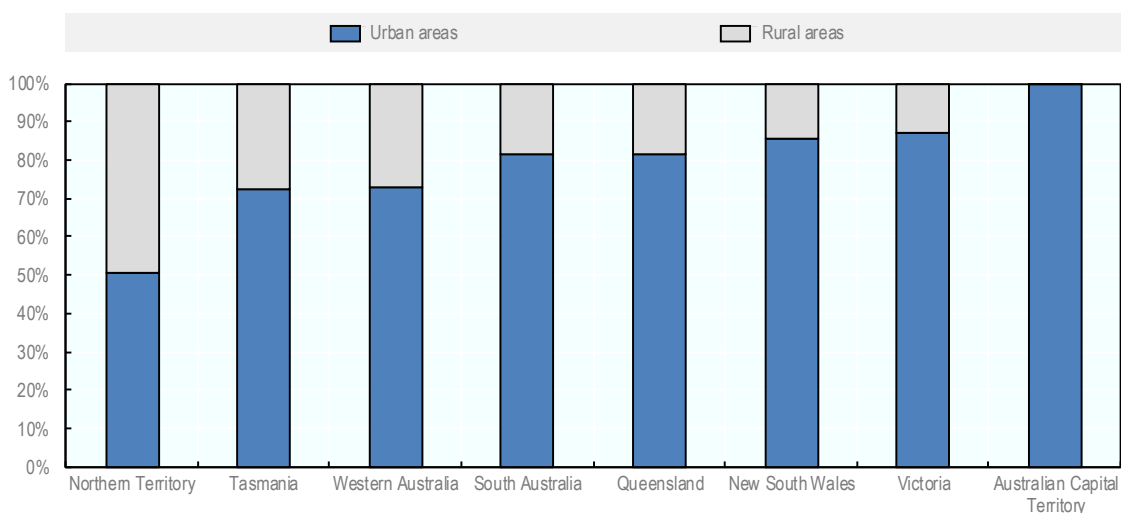
Chapter 3. Fostering Indigenous job creation in urban areas

A large share of Indigenous Australians live in cities, which provide a range of key government services. This chapter highlights the role that local governments can play in involving Indigenous Australians in local decision-making to encourage employment with a special focus on the cities of Sydney, New South Wales and Perth, Western Australia. The chapter also highlights entrepreneurship as a specific policy lever within cities that can be used to improve the overall well-being and income prospects of urban Indigenous Australians.

Urban Indigenous Australians

Indigenous Australians have increasingly moved from rural to urban areas over the last decades. 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 (Australian Bureau of Statistics, 2016^[1]). Accordingly, the share of Indigenous Australians living in rural areas decreased from 27% in 1996 to 20% in 2016. The Northern Territory continues to have the highest proportion of Indigenous Australians living in rural areas (49%) of Australia's states and territories. The Australian Capital Territory, Victoria and New South Wales contained the largest majorities of Indigenous Australians living in urban areas of 1 000 or more, accounting for 99%, 87% and 86% of the Indigenous population respectively.

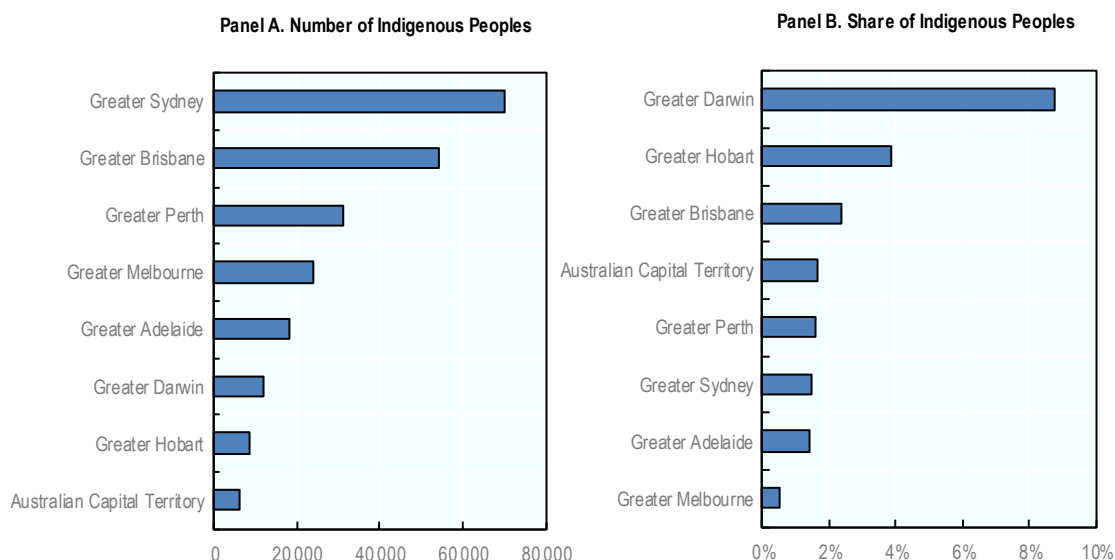
Figure 3.1. Share of urban and rural Indigenous Australians by state and territory, 2016



Note: Using the section of state structure, the major urban and other urban categories are combined to form urban areas, and bounded locality and rural balance are combined to form rural areas.

Source: ABS Census of Population and Housing, 2016.

Consistent with the trends seen at the state and territory level, the majority of Indigenous Australians live in Sydney and Brisbane when comparing Greater Capital Cities (or Greater Capital City Statistical Areas (GCCSAs)). Both cities combined have about 124 000 people who identify as Indigenous. Greater Perth has 31 214 persons who identify as Indigenous who represented less than 2% of the total city population. The Indigenous population of Sydney and Perth combined is 101 349, which represents 13% of the total Indigenous Australian population. Among GCCSAs, Indigenous Australians make up 8.7% of the population in Darwin, Northern Territory followed by Hobart, Tasmania at 3.8%, compared to the national average of 2.8%.

Figure 3.2. Indigenous Australians within Greater Capital Cities, 2016

Note: Non-Indigenous Identity also includes persons who did not specify an identity within the 2016 Census (the category "Indigenous Status Not Stated"). In 2016, this group composed 6% percent of the total Australian population. Apart from "Australia", all of the data points above refer to the census category Greater Capital City Statistical Area (GCCSA).

Source: Australian Bureau of Statistics (2016), Aboriginal and/or Torres Strait Islander Peoples QuickStats, 2016 Census, available at:

www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles.

The urban context can present Indigenous Australians with new challenges in accessing good employment opportunities. Local governments have a role to play in creating favourable conditions for Indigenous Australians to thrive in urban areas, for example by involving them in the local decision-making process. In addition, targeted policies in favour of Indigenous entrepreneurship can contribute to raising Indigenous Australians' living standards in urban areas.

Involving Indigenous Australians in urban decision-making

While urban Indigenous Australians have access to a broader range of jobs, challenges remain across a range of socioeconomic indicators. This includes lower levels of education as well as higher levels of unemployment (The University of Queensland, 2016^[2]). Involving local Indigenous communities in urban decision-making can help to foster culturally appropriate policies and programmes to lift living standards of urban Indigenous Australians and foster inclusive growth. The Australian Government is currently making active efforts in this area (see Box 3.1)

Box 3.1. Promoting place-based collaboration with Indigenous Australians

The Australian Government is moving to a new way of working with Indigenous leaders and communities – one that supports Indigenous ownership, enables true partnerships with Government, and recognises the diversity of cultures and circumstances of Indigenous Australians. One example of this is the Indigenous designed and led Empowered Communities initiative being implemented in eight regions, where Indigenous communities and governments are working together to set priorities, improve services and apply funding effectively at a regional level. Importantly, it also aims to increase Indigenous ownership and give Indigenous Australians a greater say in decisions that affect them. The National Indigenous Australians Agency also has regional offices throughout Australia which enable direct engagement with community leaders and stakeholders.

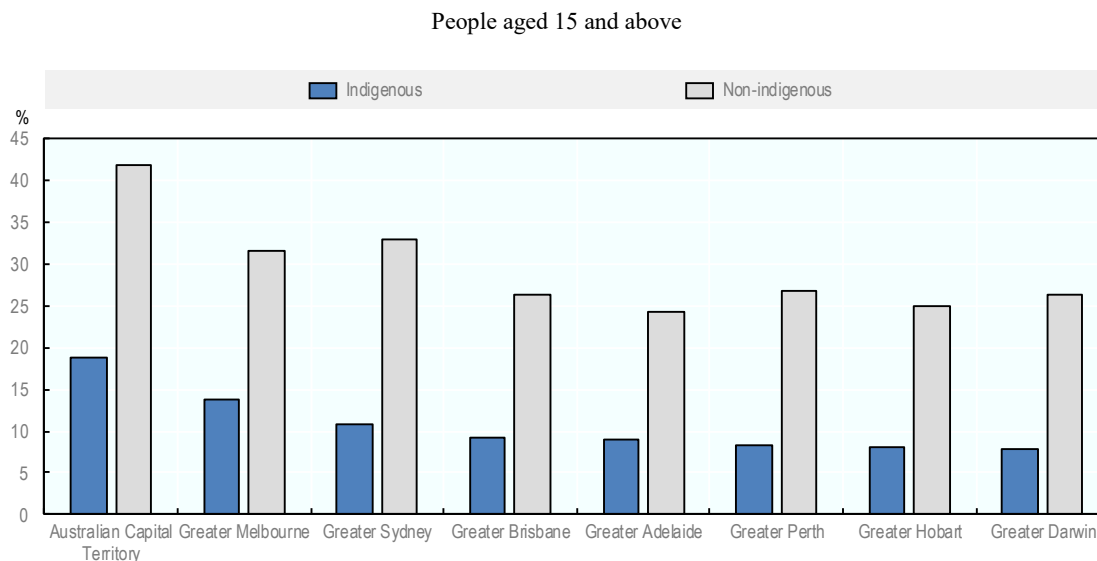
Source: Australian Government National Indigenous Australians Agency, Empowered Communities, <https://www.niaa.gov.au/indigenous-affairs/empowered-communities>

Employment and skills gaps are large within cities in Australia

Indigenous Australians tend to have lower educational attainment rates when compared to the non-Indigenous population across urban settings in Australia. As shown in Chapter 1, the non-Indigenous population has higher levels of tertiary education (Bachelor's Degree and above) than Indigenous Australians. This is the case across all Greater Capital Cities or Greater Capital City Statistical Areas (GCCSAs), where the share of Indigenous Australians with at least a Bachelor's Degree is lower than the non-Indigenous Australian population (see Figure 3.3). In Greater Brisbane, Greater Adelaide, Greater Perth, Greater Hobart and Greater Darwin, less than 10% of Indigenous Australians have a Bachelor's Degree or above, while in Greater Melbourne and Greater Sydney slightly more than 10% do so. Indigenous Australians in the Australian Capital Territory have the highest level of educational attainment across GCCSAs as 18.8% have at least a Bachelor's Degree.

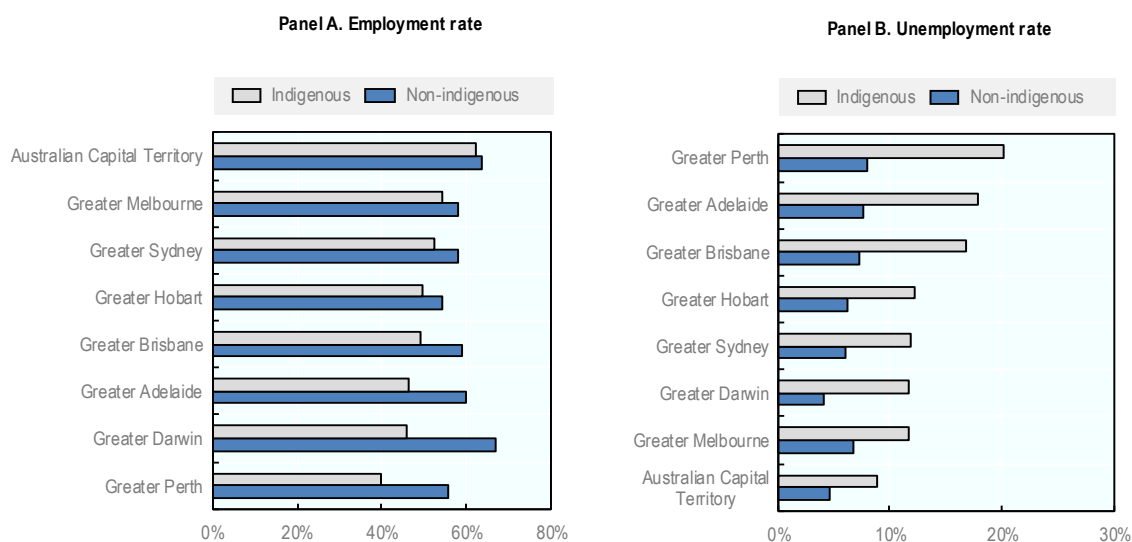
Indigenous Australians in urban areas tend to have poorer labour market outcomes than the rest of the population. Similar to the trends at the national level analysed in Chapter 2, employment rates are lower and unemployment rates higher for Indigenous Australians than the rest of the population across GCCSAs (see Figure 3.4). This suggests that a large share of the urban Indigenous workforce are jobless and/or looking for a job. The difference in employment rates between Indigenous Australians and the rest of the population is greater than 15 percentage points in Greater Perth and Greater Darwin, while the unemployment rate is more than 10 percentage points higher for Indigenous Australians than for the rest of the population in Greater Perth and Greater Adelaide.

Figure 3.3. Share of Indigenous and non-Indigenous Australians with a Bachelor's Degree and above by Greater Capital City, 2016



Source: Australian Bureau of Statistics (2016), Census of Population and Housing, 2016

Figure 3.4. Selected labour market indicators for Indigenous and non-Indigenous Australians by Greater Capital City, 2016

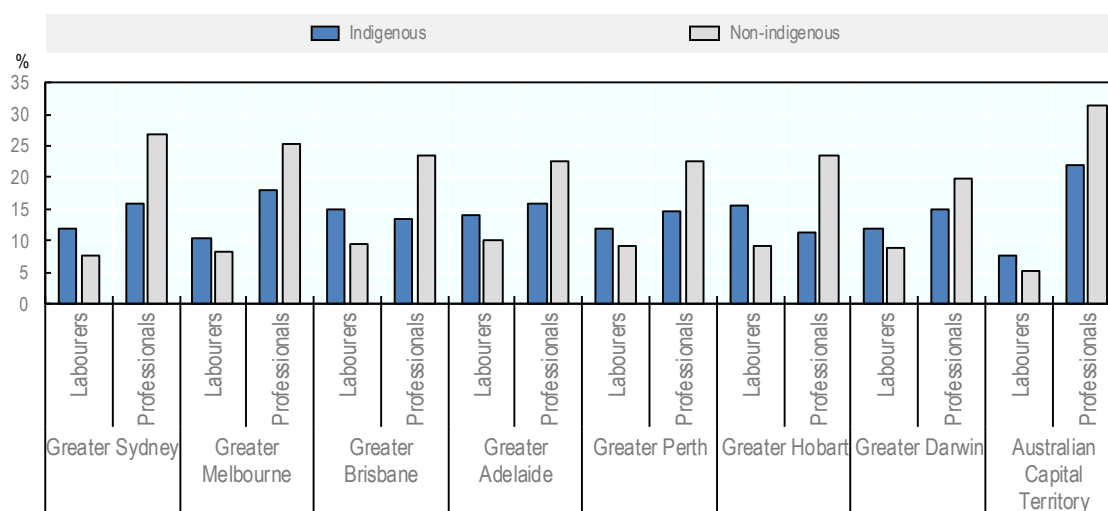


Source: Australian Bureau of Statistics (2016), Census of Population and Housing, 2016

When looking at the types of jobs, a large share of urban Indigenous Australians are employed as community and personal service workers, technicians and trades workers and clerical and administrative staff. The share of Indigenous Australians employed as community and personal service workers is on average 4.5 percentage points higher than for the non-Indigenous Australian population across GCCSAs. The occupational distribution of urban Indigenous Australians tends to be more concentrated in lower-skilled

jobs. The share of Indigenous Australians employed as labourers ranges from 7.7% in the Australian Capital Territory to 15.5% in Greater Hobart. Less than 10% of non-Indigenous workers are employed as labourers across all GCCSAs. The non-Indigenous Australian population has higher employment shares in professional occupations across major urban centres in Australia. The difference is highest in Greater Sydney, where only 15.8% of Indigenous workers are employed as professionals, compared to 26.9% for the non-Indigenous Australian population.

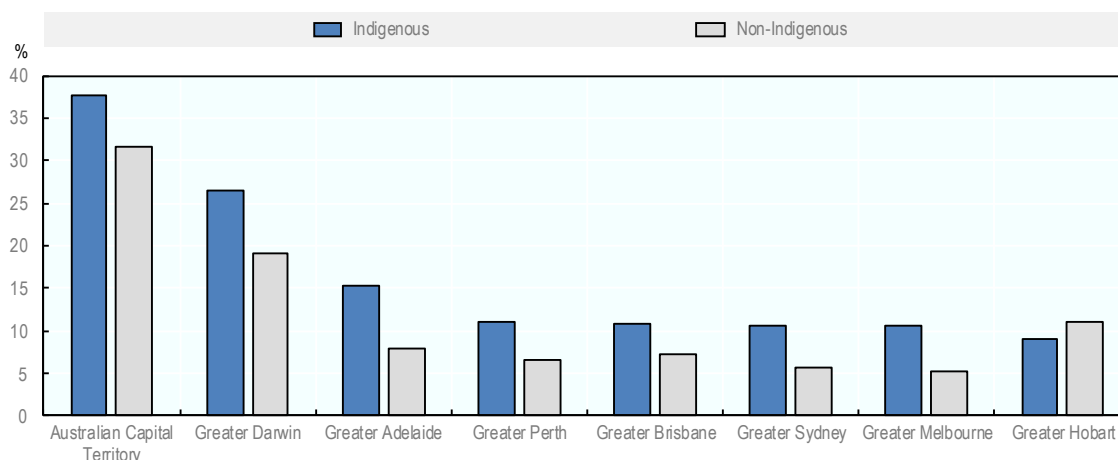
Figure 3.5. Share of Indigenous non-Indigenous Australians employed in low and high qualified jobs (e.g. as labourers versus professionals) by Greater Capital City, 2016



Source: Australian Bureau of Statistics (2016), Census of Population and Housing, 2016

Construction, retail trade, health care and social assistance as well as public administration and safety industries employ the largest share of Indigenous Australians across GCCSAs. Employment in construction is particularly high for Indigenous Australians as compared to the rest of the population in most cities. In all GCCSAs except for Greater Hobart, Indigenous Australians have higher employment shares in the public sector than the rest of the population (Figure 3.6). The gap is around 7% in Greater Sydney and Greater Adelaide. Indigenous Australians are less likely to be employed in professional, scientific, technical, financial and insurance services jobs in Greater Sydney and Greater Melbourne. Due to the natural resources in Western Australia, employment of Indigenous Australians in the mining industry in Greater Perth represents 13% of total employment, compared to only 5.2% for the non-Indigenous Australian population.

Figure 3.6. Share of Indigenous and non-Indigenous Australians employed in public administration and safety by Greater Capital City, 2016

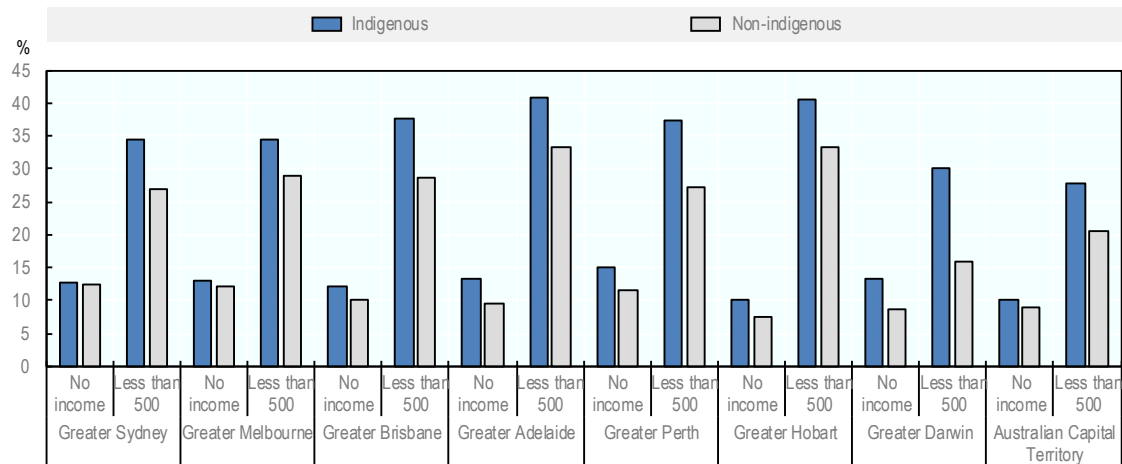


Source: Australian Bureau of Statistics (2016), Census of Population and Housing, 2016

A workers' commuting pattern is one way of assessing job quality. According to the latest Census data, in 2016, Australia's average commuting distance was 16.5 KMs, with significant differences across states/territories, regions and metropolitan areas. The share of people working at more than 30 KMs from home is higher for Indigenous Australians than for the rest of the population: the highest gaps between the two populations are in Greater Sydney and Greater Perth (6.8% and 9.8% respectively).

Lower educational attainment combined with poorer labour market outcomes have an impact on the personal income of Indigenous Australians. The share of people with no income or weekly income below AUD 500 is higher for Indigenous Australians than non-Indigenous Australians. For these categories, the smallest gap between these two groups is in Greater Sydney (8%) while the highest are within Greater Perth (13%) and Greater Darwin (19%). The share of people earning between AUD 500 and AUD 1 500 weekly does not seem to be related to Indigenous Identity as Australians taken as a whole present a similar distribution in all GCCSAs. Among those having a personal income above AUD 500, the gap between Indigenous and non-Indigenous Australians is around 11 percentage points except for Greater Darwin.

Figure 3.7. Share of Indigenous non-Indigenous Australians reporting no income or less than AUD 500 per week across Greater Capital City, 2016



Source: Australian Bureau of Statistics (2016), Census of Population and Housing, 2016

Urban Indigenous policies and programmes in Australia

Several cities in Australia have taken step to engage with local Indigenous communities to better integrate their needs and views in urban decision-making.

Sydney

Sydney Council appointed the first City of Sydney Aboriginal and Torres Strait Islander Advisory Panel on 15 December 2008. Made up of community and industry professionals, the panel's members are from Aboriginal and Torres Strait Islander backgrounds and live, work or study in the local area. Each member brings a wealth of knowledge and skills to the table. The panel provides advice on matters of importance to Indigenous Australians. It also reviews the City's Indigenous protocols and makes a positive contribution to the organisation's relationship with Indigenous Australian organisations and leaders. The Aboriginal and Torres Strait Islander Advisory Panel meet at least six times a year.

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 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.

The Inner Sydney Empowered Communities (ISEC) vision sees Indigenous Australians as a group with a strong cultural identity. ISEC seeks to support Indigenous success through equal opportunity in a safe and thriving community. The ISEC Board is made up of equal representation from two local tables, the La Perouse Aboriginal Alliance and the Redfern EC Working Group. Community priorities and strategies are identified at the local level

and are escalated to the Board for formal endorsement. The Family Mentoring Initiative is a vehicle being developed to inspire individuals to take control of their own lives by getting healthy, building discipline and routine. Through behavioural and attitude change, the initiative will build strong families and help return kids in out of home care to their parents.

Perth

The City of South Perth Aboriginal Engagement Strategy Working Group (AESWG) was established in March 2011 after a September 2010 Council resolution mandating the establishment of a working party with the objective to develop an Aboriginal Engagement Strategy for the City. In early 2011, AESWG searched for members of the community through advertisements and invited individuals to be part of the Working Group. The group is composed of representatives of key Indigenous community groups, members of the public, elected members and two City officers.

The objectives of the City of South Perth Aboriginal Engagement Strategy Working Group, are categorised into four guiding principles: 1) Connection/inclusiveness; 2) Advancement; 3) Relationships; and 4) Visibility. One of the key strategies of the Working Group was to provide opportunities for City of South Perth staff to develop an awareness of *Noongar / Bibbulmun* culture, history and current issues through information, education and networking. The goal was also to provide a networking forum for local service providers to come together, share information, for example through an annual/biannual information and networking forum facilitated and supported by the City.

Critical success factors

Cities as spaces of policy opportunity

Relative to some other OECD countries, local governments in Australia do not have a large influence on the delivery of employment and social programmes. However, urban centres and cities in Australia are spaces where local stakeholders can meet and engage community members on innovative solutions to Indigenous employment challenges. The examples of Indigenous engagement groups highlighted in both Perth and Sydney demonstrate how more can be done to engage with community leaders about their labour market, education, and economic development challenges.

There is a broader opportunity for cities in Australia to continue building stronger partnerships with Indigenous communities to develop a common understanding of the employment and skills challenges as well as opportunities for building awareness of indigenous values among the non-Indigenous population. Cities in Australia can play a key role in establishing strong connections with both Indigenous and non-Indigenous populations to create a local dialogue about Indigenous employment and economic development opportunities. 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 best human resources practices for employing Indigenous Australians.

CityDeals in Australia aim to bring together different levels of government, community, and the private sector to build long-term partnerships at the local level over 20 years. Given the diversity and characteristics of the cities across Australia, CityDeals acknowledge the importance of tailoring an approach towards a City's needs from design, delivery and implementation. The Australian Government highlighted six general themes for CityDeals: infrastructure and investment; liveability and sustainability; housing; innovation and digital opportunities; governance, city, planning and regulation; jobs and skills (OECD, 2019^[3]).

Leveraging procurement contracts

When government departments award contracts for local development and infrastructure, many of these contracts are awarded to non-Indigenous groups. Currently, certain types of government contracts require companies to hire a certain percentage of Indigenous workers or to include Indigenous business in their supply chain. However, if these quotas are not fulfilled, there are very little consequences. At most, a contract may not be renewed or a company may be less likely to secure future contracts. Stakeholders consulted for this OECD study living in the cities of Sydney and Perth noted that there is an opportunity for more investments to be given to local Indigenous groups.

Government procurement contracts, which have social clauses related to Indigenous employment and training, are beneficial towards ensuring that these investments benefit Indigenous communities. Currently, the Australian Government has an Indigenous Procurement Policy in place, established in July 2015 to leverage the Australian government's annual multi-billion procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector. There is an opportunity to promote and extend this type of initiative within the private sector in Australia so that large firms are aware of the benefits of introducing these types of social clauses into the supply chain management and tendering practices.

Box 3.2. 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 with over AUD 20 billion to be invested and over 26 000 people working to deliver Australia's first fully automated rail service. The project faces several implementation challenges, including skills gaps due to a lack of workforce diversity, low training uptake and an ageing labour force in the construction, building, and rail transport sectors.

Sydney Metro developed a workforce development strategy which included embedding 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; 20% of the workforce must participate in accredited training programmes to support workforce transferability; and employment targets for disadvantaged groups, which included Indigenous Australians, as well as youth, and the long-term unemployment.

Under this project, a pre-employment programme was launched to equip long-term unemployed candidates with key technical skills and the ability to communicate and work as part of a highly functioning team.

Source: (OECD, 2019^[3])

Promoting local entrepreneurship opportunities for Indigenous Australians

Inclusive entrepreneurship aims to ensure that all people have an opportunity to be successful as an entrepreneur (OECD/EU, 2017^[4]). This includes policies and programmes helping groups that are under-represented and disadvantaged in local labour markets in starting and growing a business. This type of entrepreneurship allows them to participate economically and socially, generating income for themselves.

By starting and expanding a business, Indigenous Australians can increase their income opportunities and raise their living standards. This is especially true in urban areas, which can provide for easy access to business development services and entrepreneurial opportunities. However, Indigenous Australians are less likely than the rest of the population to start and grow a business. As such, inclusive entrepreneurship policies can play an important role in creating opportunities for Indigenous Australians.

While the need to foster entrepreneurship for Indigenous Australians has become a priority for the Australian Government, data availability on this topic is still limited. Furthermore, a lack of clear definition makes it difficult to quantify Indigenous entrepreneurship and enterprises. For example, self-employment can distort the interpretation of data when used as a proxy for firms. As such, the Australian Government has specifically defined Indigenous business in Australia (Box 3.3).

Box 3.3. Defining Indigenous business in Australia

The Australian Government defines an Indigenous business as one that is at least 50% owned by an Indigenous person or people. Similar definitions are adopted by Indigenous Business Australia (IBA) Small Business programme as well as by Supply Nation, a non-profit organisation aiming to grow the Aboriginal and Torres Strait Islander business sector. Another existing definition identifies Indigenous businesses as those with at least 51% ownership by Indigenous Australians, that have an Indigenous Person as the principal executive officer and one in which the key decisions are made by Indigenous Australians (Foley, 2013^[21]).

The Australian Bureau of Statistics uses two criteria to define what constitutes an Indigenous business: i) a business in which there is at least one owner who identifies as being of Indigenous heritage; ii) such a business has the majority share capital held by people of Aboriginal and Torres Strait Islander origin.

In the following paragraphs, the definition used for the analysis is based on the number of Aboriginal and Torres Strait Islander business owner managers as defined by the ABS. The ABS defines an “owner-manager” (referred to as business owner) as a person who operates his/her own enterprise, with or without employees, whether or not the business is of limited liability.

Source: Indigenous Business Australia (2018), Annual Report 2016-17; Foley, D. (2013), The Root of Contention in Determining what is an Australian Aboriginal Business, Indigenous Law Bulletin.

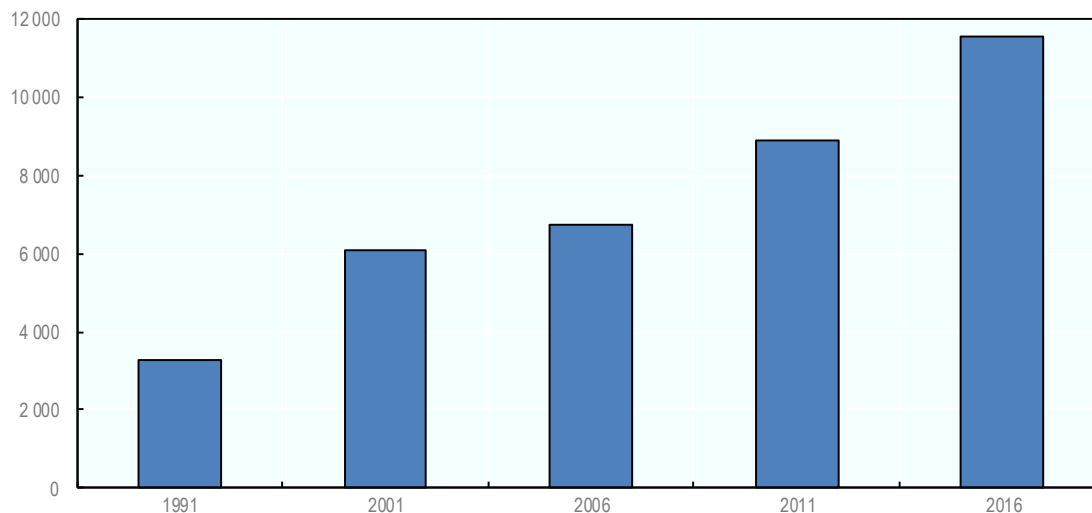
The Indigenous entrepreneurship context in Australia

Recent studies highlighted that Indigenous entrepreneurs start their business with less human capital, business knowledge, financial resources and restricted access to finance in comparison to the non-Indigenous population (Maritz and Foley, 2018^[5]). According to this research conducted between 2000-17, discrimination against people with Indigenous origins also represents a barrier inhibiting the diffusion of self-employment within these communities.

As shown in Figure 3.8, the number of Indigenous business owners has significantly increased in recent years. In 2016, there were 11 592 business owners compared to 3 281 in 2011. Despite this high increase, Indigenous business owners still correspond to less than 1% of total overall managers when looking at business ownership rates across Australia.

According to the latest Census, in 2016, Indigenous Australian business owners tended to be slightly younger than their non-Indigenous counterparts (44 vs. 48 years old). This implies that young Indigenous Australians are seeing entrepreneurship as a valuable career pathway. Indigenous entrepreneurs are more likely to employ Indigenous workers. This means that Indigenous entrepreneurships can increase job opportunities for Indigenous Australians and contribute to the overall economic development of the community. (Hunter, 2014).

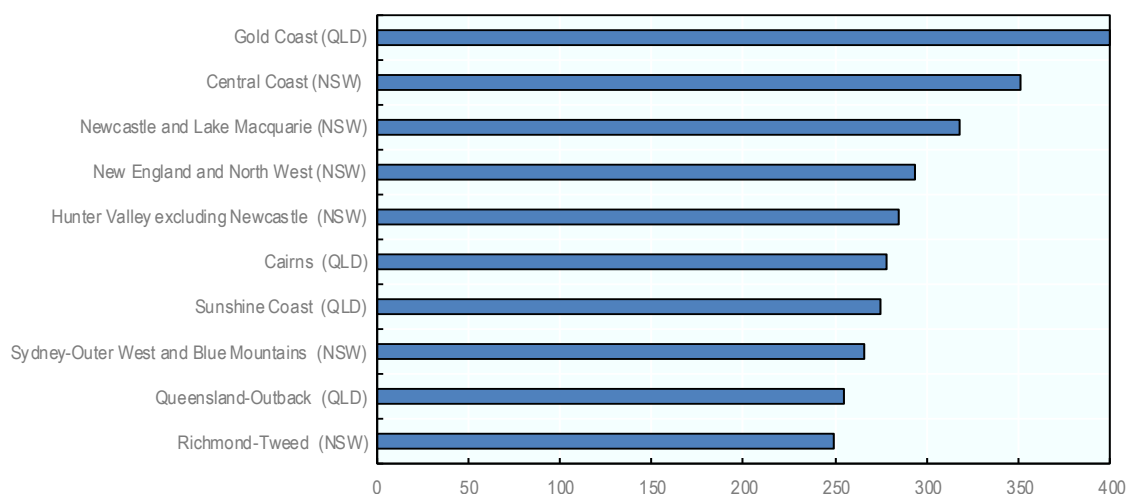
Figure 3.8. Trends in the number of Indigenous Australian business owners, 1991-2016



Source: Australian Bureau of Statistics, Census of Population and Housing

While the vast majority of Indigenous business owners ran unincorporated enterprises, the incorporated business sector has seen a rapid growth of almost 117% between 2006 and 2016. The majority of Indigenous businesses owners were in Queensland and in New South Wales. Figure 3.9 shows Australian Regional Statistical Areas Level 4 (SA4) with the highest number of Indigenous Australian business owners in 2016. The 10 SA4s with the greatest number of Indigenous business owners represent over a quarter of all business owners in Australia. In 2016, slightly less than a third of such businesses operated in the construction sector. Other relevant sectors of entrepreneurial activity include the administrative and support services, professional, scientific and technical services, in addition to healthcare and social assistance.

Figure 3.9. Australian regions with the highest number of residents who were owner managers of Aboriginal and Torres Strait Islander origin, 2016



Note: The geographical level used for this chart is Statistical Area level 4 (SA4)

Source: Australian Bureau of Statistics (2016), “Aboriginal and Torres Strait Islander Peoples Profile”, 2016 Census of Population and Housing

Three Indigenous business categories (i.e. self-employed individuals, enterprises and trusts) contributed between AUD 2.2 billion and AUD 6.6 billion to the Australian economy in 2016, representing between 0.1% and 0.4% of the Australian gross domestic product (GDP). Considering the recent increase of self-employment and the future increase of the Indigenous working age population, this contribution is expected to increase in the next decades (PwC, 2018_[6]).

Indigenous entrepreneurs encounter several challenges that prevent them from starting and running a businesses compared to non-Indigenous entrepreneurs. For example, access to capital or equity is limited for Indigenous entrepreneurs, especially in rural and remote areas. However, while financial institutions are more prevalent in cities, presenting Indigenous entrepreneurs with an easier access to finance, their business activities still suffer from limited borrowing. As Indigenous Australians are overrepresented in low socioeconomic statuses (SES), their options for funding new businesses are more limited. With high lending criteria, Indigenous Australians with low SES are sometimes considered high risk, deterring financial institutions from creating accessible lending models.

Furthermore, as Indigenous Australians possess lower levels of skills, they have more difficulty starting a business. Without exposure to financial literacy training, managing the revenues, expenses and finance of an organisation can be challenging. In addition to the narrow possibilities for funding ventures, some prospective Indigenous business owners might not be aware of the funding options that are available. Therefore, sole proprietors tend to rely heavily on personal assets, leaving their own finances at risk.

Finally, the types of businesses created by Indigenous entrepreneurs are less likely to be in knowledge-based sectors. Based on KPMG’s analysis of the 2016 Census, Indigenous businesses operate more frequently in manual labour and service sectors. More access to Science, Technology, Engineering and Mathematics (STEM) courses could provide Indigenous Australians with greater access to business ideas and entrepreneurial activities within higher skilled occupations (KPMG, 2016_[7]).

Indigenous entrepreneurship policies in Australia

Multiple realities faced by Indigenous Australian entrepreneurs highlight both the needs but also present opportunities for Indigenous Australian entrepreneurship. The Australian Government has implemented a range of policies to increase economic participation for Indigenous Australians and support Indigenous entrepreneurship and SME development. In turn, the Australian Government has put in public policies and initiatives respectively to increase both the demand and supply for goods and services from Indigenous businesses and employees through employment and business development programmes.

Critical success factors

Strengthening indigenous education

Based on current Indigenous Australian self-employment rates, it is estimated that around 2 200 people with Indigenous origins will potentially start a business between 2016 and 2026 (Department of the Prime Minister and Cabinet, 2017^[8]). Research has found that entrepreneurship education is an opportunity to nurture this growth in Indigenous enterprises, in turn supporting the social and economic development of Indigenous Australians (Foley, 2012^[9]). Indigenous entrepreneurial education in Australia has grown recently but requires further development and greater tailoring to the realities of Indigenous Australians (Foley, 2018^[10]).

Indigenous Australian entrepreneurs have significantly different entrepreneurial education needs than non-Indigenous Australians. Extensive interviews of Indigenous Australian entrepreneurs indicates this group faces specific issues, notably concerning training and education (Foley, 2018^[10]). For example, Indigenous Australians have less business expertise and fewer educational qualifications than their non-Indigenous counterparts (Foley, 2018^[10]). Additionally, Indigenous Australians hold different values, a reality that affects their conception of business and enterprise (Foley, 2018^[10]). For instance, Indigenous Australians differ significantly on values such as community, spirituality and sustainability (Colbourne, 2018^[11]). Translated to enterprise, Indigenous Australians tend to privilege communal or social goals over individual or profit-motives, differences that education or training policies need to take into account to succeed in promoting Indigenous enterprise (Foley, 2018^[10]).

Making financial capital more accessible

The Office of the United Nations High Commissioner for Human Rights (OHCHR) highlights access to finance to start enterprises as a driving source of marginalization among Indigenous populations (OHCHR, 2017^[12]). Drawing in part on contributions by the Australian Government, the OHCHR identifies multiple barriers that Indigenous populations face to accessing financial capital to start an enterprise (OHCHR, 2017^[12]):

- *A persistent prejudiced view of Indigenous business capacity*: lower rates of home ownership, stigma as high-risk borrowers, lack of collateral, lack of business infrastructure as well as geographic isolation from business hubs;
- *Lack of legal protection for land and resources*: limited recognition of communal land ownership, and restricted Indigenous ownership of natural resources (hampering access to credit for maintaining those resources);

- *Lack of inclusive Indigenous governance and leadership in business:* Indigenous governance structures may not generate non-Indigenous investor confidence;
- *Challenges facing indigenous women, youth and persons with disabilities in particular:* social bias against Indigenous women, and exclusion of Indigenous women from the labour market;
- *Owning little private property or accumulated assets,* Indigenous Australians in particular struggle to provide collateral for loans, a reality that impairs their ability to access credit (Brown, 2007^[13]). In Australia, the problem of sparse collateral is accentuated by the lack of financial services in Indigenous communities (Brown, 2007^[13]). Furthermore, poor credit scores can prevent some entrepreneurs from participating or receiving adequate financial support for their business.

Promoting entrepreneurial opportunities among Indigenous Australian youth

Self-employed Indigenous Australians tend to be younger than non-Indigenous Australian entrepreneurs, highlighting the importance of tailoring public policies and local initiatives to the needs of young entrepreneurs (Hunter, 2013^[14]). Young Indigenous Australians face additional barriers to establish enterprises. For example, they do not inherit the same level of wealth as non-Indigenous people, a marked disadvantage to start a business (OHCHR, 2017^[12]).

In Australia, Indigenous youth have relatively lower levels of social and economic qualifications and attainment, which can negatively impact their capacity to start and run a business. For example, the 2012 Programme for International Student Assessment (PISA) in Australia found significant and enduring differences in educational scores between Indigenous and non-Indigenous young people (Dreise and Thomson, 2014^[15]). Furthermore, young Indigenous entrepreneurs will need to be exposed to holistic financial literacy training to ensure that they are given skills in all aspects of financial management.

Supporting business networks for Indigenous entrepreneurs

Many Indigenous Australians do not have the same levels of social capital compared to non-Indigenous Australians (Foley, 2008^[16]). As such, research shows Indigenous Australians rely particularly on networking with non-Indigenous business actors to compensate (Foley, 2008^[16]). Beyond networking, the Australian Government has highlighted the importance of supporting networking between Indigenous entrepreneurs and buyers and trade organisations (Australia, 2017^[17]).

Australian public policies supporting Indigenous entrepreneurs

Indigenous Entrepreneurs Package

As part of its 2016 election commitment, the Australian Government announced it would build on the success of policies like the Indigenous Procurement Policy by introducing an AUD 115 million Indigenous Entrepreneurs Package. A strong Indigenous business sector has the potential to empower Indigenous Australians through job creation, financial security for families and communities and contribute to the growth of local economies and the broader Australian economy. The Indigenous Entrepreneurs Package includes three components, providing training, financing and networking assistance to the Indigenous Australian business community:

- a commitment to develop the first Indigenous Business Sector Strategy to provide Indigenous businesses with the support, finances and networks they need for their businesses to thrive;
- commitment to refocus Indigenous Business Australia's business support programme on early stage entrepreneurs across Australia; and
- an AUD 90 million Indigenous Entrepreneurs Fund.

Through this package, the Australian Government is particularly focused on bringing funding to facilitate the innovation and growth of Indigenous businesses in rural areas. This effort includes funding and support through an expanded microfinance programme aimed at regional and remote areas, as well as the Indigenous Entrepreneurs Fund, which involves grants to purchase plants and equipment. The Fund also includes a trial programme to dispatch business advisors to clients across remote Australia.

Indigenous Business Australia (IBA)

The Australian Government funds IBA which assists Aboriginal and Torres Strait Islanders to access the skills, knowledge and resources required to start and grow viable and sustainable businesses. IBA plays an important role in the development and growth of Indigenous businesses through a range of assistance for Indigenous Australians to start up, acquire, grow or exit a viable business. IBA intervenes mainly to provide general business support, external business expertise, and access to finance. To achieve this, IBA has three core areas of products and services:

- *Home ownership*: IBA support Indigenous home ownership through housing loans to Indigenous Australians who have difficulty qualifying for housing finance, including in remote Australia;
- *Business development and assistance*: IBA assists Indigenous Australians to access capital, commercial expertise, supply chains and other opportunities to start up, build and grow businesses. Working closely with corporate and government partners IBA link businesses to other networks and resources providing information and support to assist Indigenous business realise their goals. IBA also provides end-to-end programmes that assist its Aboriginal and Torres Strait Islander customers to build knowledge, gain greater skills and develop a sustainable business model to translate opportunities into long-term benefits for our customers (Indigenous Business Australia, 2018^[18]). For instance, IBA supported 746 Indigenous Australians through an initial assessment of their business ideas;
- *Investment*: IBA helps Indigenous Australians to access sound financial returns, build commercial capability, and generate employment, training and supply chain opportunities. For example in 2017–18, IBA delivered a total of 363 business finance products, provided 746 customers with an assessment of their business ideas, wrote 913 home loans totalling AUD 312 million across urban, regional and remote Australia, and supported Indigenous organisations with their investment aspirations (Indigenous Business Australia, 2018^[18]). In 2017–18, 8% of IBA's home loan customers were based in remote areas, 67% in regional areas, and 25% in urban areas. For business customers, 63% were based in regional and remote areas. IBA and its wider groups supported 1,911 Indigenous Australians in jobs through IBA's investment and business solutions portfolio.

Indigenous Procurement Policy

To stimulate demand for Indigenous goods and services, the Australian Government put in place the IPP on 1 July 2015, with three main parts:

- A target number of contracts that need to be awarded to Indigenous businesses.
- A mandatory set-aside for contracts being delivered in remote areas and contracts valued between AUD 80,000 – AUD 200,000
- Minimum Indigenous participation requirements in contracts valued at or above AUD 7.5 million in certain industries.

The IPP has driven an increase in demand for goods and services provided by businesses that are at least 50 per cent Indigenous-owned. The mandatory minimum Indigenous employment and supplier use requirements for specified contracts valued at AUD 7.5 million and above are designed to encourage major government suppliers to increase their use of Indigenous suppliers.

Under the IPP, all businesses – Indigenous and non-Indigenous businesses - that win contracts over AUD 7.5 million in specified industry sectors, must meet minimum Indigenous employment requirements or use Indigenous businesses in their supply chains. Indigenous employment or supplier use targets must be higher in remote areas to reflect the local Indigenous population. These mandatory minimum requirements ensure that Indigenous Australians gain skills and economic benefit from some of the larger work the Government outsources.

The Government recently introduced changes to create a new value target to apply from 1 July 2019. To ensure Indigenous businesses win higher value contracts at a level closer to those of non-Indigenous businesses, a target based on the value of contracts awarded will be set at one per cent in FY19-20 increasing by 0.25% each year until it reaches 3% in 2027. From 1 July 2020, Indigenous participation targets will be mandatory in high-value contracts across more specified industries increasing from 8 to 19.

Indigenous Business Sector Strategy (IBSS)

In order to support the demand created by mandatory public procurement standards from Indigenous enterprises, the Australian Government announced this 10-year strategy in 2018 to augment the supply of Indigenous Australian enterprises. IBSS seeks put Indigenous businesses at the forefront of the Australian economy and draws on solutions put forward by Indigenous businesses. Reflecting this intention to tailor support to Indigenous Australian, there has been a strong emphasis on consultation and ensuring culturally appropriate support and services in the design and delivery of the IBSS. The Government carried out an extensive consultation process with the Indigenous business sector during policy creation. In this consultation, Indigenous businesses identified four critical areas for development and growth, reflecting several of the success factors discussed above: (i) better business support, (ii) improved access to finance, (iii) stronger connections and relationships and (iv) better sharing of information about commercial opportunities.

The IBSS includes measures to improve access to finance, including an expanded microfinance scheme and a new Indigenous Entrepreneurs Capital Scheme. The IBSS has been designed to offer a combination of products designed to meet the needs of Indigenous businesses of different sizes and at different stages of development, including:

- *Indigenous Business Hubs*: Based in major cities, these Hubs will work as one-stop-shops to access business advice, support and connections that Indigenous Australians need. Reflecting the Government's wish to tailor support to Indigenous entrepreneurs, the IBSS recognizes the need for culturally safe spaces and culturally capable business support officers when establishing Indigenous business hubs. The NSW Aboriginal Land Council delivers the Indigenous Business and Employment Hub in Sydney. In Parramatta, they are located in temporary premises while they search for a permanent location in the Western Sydney area. The Government has also announced the establishment of Hubs in Perth and Adelaide;
- *Project Specific Support Hubs*: These specific hubs will provide tailored support to Indigenous businesses looking to take advantage of major infrastructure or service delivery projects;
- *An expanded microbusiness support and microfinance footprint* across Australia, to support entrepreneurial activity and economic development in regional and remote locations, and importantly to support Indigenous youth and women to start a business;
- *Indigenous Entrepreneurs Capital Scheme*: the system aims to improve access to capital for Indigenous businesses. The Scheme will be open to growing Indigenous businesses that have been in operation for two years or more and are just below bank ready. The Scheme is intended to be flexible and leverage private sector experience to enable Indigenous businesses to access a broader range of finance products, build a banking relationship and a commercial credit history and transition to independent, mainstream banking over the medium term; and
- *Piloting a remote Indigenous business incubation model* to help small businesses get started, by providing access to microfinance and specialist support. Pilot projects have been established in 12 remote regions.

Driving Indigenous Economic Development through Infrastructure Projects

Building on the success of the IPP, the Government is looking to new ways to leverage its expenditure, to create greater businesses and employment opportunities for Indigenous Australians. To support Indigenous Economic Development, the Australian Government is working across all levels of government and in collaboration with the private sector to increase Indigenous Australian participation in large-scale government infrastructure projects. To do so, the Government is embedding Indigenous economic objectives within cornerstone national infrastructure projects, which include Indigenous employment and supplier-use targets that reflect the available local Indigenous working-age population. Key infrastructure initiatives that provide Indigenous Australians with business and employment opportunities include:

- The AUD 600 million *Northern Australia Roads Program* and the AUD 100 million *Northern Australian Beef Roads Program*, which will include Indigenous employment and procurement targets;
- And the *Northern Australia Infrastructure Facility*, which encourages private sector investment funding. Indigenous employment and procurement targets have been applied to infrastructure projects which have resulted or will result from city deals in Western Sydney, Townsville and Darwin.

Non-governmental initiatives: Indigenous entrepreneurship programmes in Australia

Several actors deliver SME and entrepreneurship programmes for Indigenous Australians at the local level in Australia. The following section provides some examples, which include chambers of commerce, not-for-profit organisations and business hubs.

First Australian's Capital

First Australian Capital aims to build cultural, creative and economic capital of Indigenous Australians. Through their impact fund, they aim to provide Indigenous Australians with access to commercial finance to start and build sustainable businesses. A key component of their work involves mentorship and better linking Indigenous entrepreneurs with already established business networks. First Australians Capital is also offering a new business partnering service, BlackOps, to help Indigenous enterprises get a skilled team to help them grow as well as finding, hiring and managing their own team. These type of services are charged at a percentage of their turnover of the business as it grows over time.

New South Wales Indigenous Chamber of Commerce (NSWICC)

New South Wales (NSW) was the birthplace of the first Indigenous Chamber of Commerce in Australia, established in 2006 to support Indigenous Australians to establish and operate their own businesses. Reflecting the isolation of many Indigenous entrepreneurs from business networks, NSWICC also sought to provide a forum for Indigenous businesses to come together to network, to share and to learn from each other. Since its establishment, the NSWICC has focused on nurturing, enabling, accelerating and mentoring Indigenous entrepreneurs and leadership in Indigenous communities.

In 2016, the NSWICC created the Indigenous Business Accelerator Program to support Indigenous entrepreneurs. This programme includes 2 days per month in the classroom where Indigenous entrepreneurs partake in modules on Business Readiness, Buyer Risk Management, Product to Market Fit, Digital Disruption, Partner Governance & Pitching to Win. The programme also includes 1 day per month in mentoring and expert coaching.

For job seekers, the Chamber offers a number of training workshops that focus on interview and CA preparation, as well as access to specialised training providers. The Chamber also offers an incubation space for Indigenous entrepreneurs seeking an urban centre presence to meet with key stakeholders. The Chamber also offers end-to-end programme consultancy, advice and facilitation services to assist Government Organisations to maximise their social and economic impact when engaging with Indigenous Australians, Communities and Businesses.

Barayamal

Barayamal is a registered charity with the Australian Charities and Not-for-profits Commission (ACNC), which aims to close the gap between Indigenous and non-Indigenous entrepreneurship. A key programme managed by this organisation is the Barayamal Business Accelerator, which provides essential education and training workshop to Indigenous entrepreneurs. The Accelerator is run by Indigenous Australians and also aims to provide mentoring early seed capital. It also provides working desk space for budding entrepreneurs. Through a 3-month intensive training course, Indigenous mentors support Indigenous entrepreneurs while business experts advise and counsel them. Barayamal also operates an eMentoring platform, which is an online programme designed

to facilitate the connection of aspiring Indigenous professionals and entrepreneurs with mentors experienced in their field of interest.

Barayamal is also launching a Centre of Entrepreneurship in the West End, Brisbane to rapidly increase and grow Indigenous startups/businesses, as well as increase economic development opportunities for Indigenous Australians in Brisbane and throughout Australia. This centre will host up to 30 entrepreneurs in the co-working space area. The facility also includes a meeting room and event space. The event space has the capacity to host over 60 attendees, which will be used to run workshops, conferences, hackathons and community events.

Sydney Start-up Hub

Operated by Jobs for New South Wales (NSW), this Hub aims to support the creation of new jobs across NSW, increase the diversity of the NSW start-up community with more start-ups from regional NSW and non-ICT Industries, and grow the size and strength of the Sydney start-up ecosystem. The Hub aims to bring a diversity of organisations and talent together in a single location with 17 000 square metres across 11 floors. The high-density concentration helps spark innovation, ignite collaboration and provide easier and superior access to networks, skills, funding and leadership.

Supporting the regional start-up community is a priority for Jobs for NSW, as regional entrepreneurs are essential to job growth in their local communities. The Sydney Startup Hub enables regional start-ups to more easily access networks, potential customers and investment. While not specifically targeted to Indigenous entrepreneurs, this group would still be eligible for financial supports from Jobs for NSW — including grants, loans and loan guarantees. Start-ups may also benefit from Minimum Viable Product or Building Partnership grants in addition to other loan products.

Business Connect

The Business Connect programme is funded by the NSW Government and will provide business advisory services and business skills training from 1 January 2017 to 30 June 2020. Business Connect aims to support small businesses to start-up, create jobs through growth, help established small to medium enterprises (SMEs) become sustainable and increase business confidence across NSW. Business Connect plans to achieve these aims by: providing general and specialist business advice and government information to start-ups and SMEs, promoting business growth through innovation, improving resilience and boosting productivity and supporting digital readiness and regional business development. Business Connect services are provided by 11 independent service providers based across NSW, including specialist and multicultural service providers. Business Connect supports start-ups and SMEs through:

- Supporting business creation through advice and information that assists start-ups to establish a new business and support new businesses to enhance their survival and long-term viability.
- Supporting established SMEs by providing services that underpin profitability, business expansion and long-term business growth, enhance their survival and long-term viability, and support the orderly succession of ownership of existing businesses.

- Delivering Business Skills Workshops or Seminars (including Webinars or online group support) to start-ups and SMEs when this is considered the most effective way of providing skills development and/or information.
- Responding to occasions of disasters or other emergencies to support businesses where they are affected within NSW.
- Referring start-ups and SMEs to relevant and appropriate additional services, to increase the value of support and to encourage continued skills development, strategic awareness and business planning.
- Promoting digital readiness and engagement in the digital economy to businesses, increase digital and online technology skills and knowledge, especially in regions with new or increased internet capabilities, for example through satellite broadband or rollout of the National Broadband Network (NBN).

Opportunity hubs

Located in NSW, Opportunity Hubs aim to provide Indigenous youth with the confidence and knowledge to follow a supported pathway between secondary school and further education and/or employment. To achieve this outcome, Opportunity Hubs are building partnerships between schools, employers, education and training providers and the local community to coordinate and match employment, training and further education opportunities to individual students' aspirations.

Non-government Opportunity Hub service providers have been contracted to coordinate and broker links with schools, employers, training providers, support services and Indigenous communities. In doing so, they deliver improved outcomes for youth, including increased participation and retention at school, aspiration and expectation of career pathways for Indigenous students, post-school enrolment in further education and training and placement in sustainable jobs. The establishment of Opportunity Hubs followed extensive consultations with local Indigenous communities and education and training stakeholders within the Opportunity Hub regions. Opportunity Hub conducted a tender process to select service providers.

Many Rivers

Many Rivers Microfinance Limited (Many Rivers) is a not-for-profit organisation that supports aspiring business owners with microenterprise development support and access to microfinance. Many Rivers offers micro and small business loans of up to AUD 5 000 for a sole business owner and up to AUD 10 000 for businesses with additional owners. Many Rivers can provide larger loans to existing clients. Reflecting the financing needs of Indigenous business, in June 2018, the Government entered into a partnership with Many Rivers to expand access to microbusiness support and microfinance for Indigenous clients in regional and remote regions.

What can Australia learn from other OECD countries?

Local governments across several countries have taken steps to tackle urban Indigenous Australians' challenges by better integrating them in the decision-making process. They have also used entrepreneurship as a policy lever to boost their living standards. In cities across Canada and New Zealand, 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. Entrepreneurship support and education programmes for Indigenous entrepreneurs in Canada, Indigenous business growth services in New Zealand, and Indigenous entrepreneurial activities in the Barents Euro-Arctic co-operation region, have been instrumental in providing key support for Indigenous Australians to start and grow a business.

Involving Indigenous Peoples in urban decision-making

Lessons from Canada

In the city of Thunder Bay, Canada, the City Council has established an Aboriginal Liaison Strategy. The objective of the strategy is to enhance the well-being of the city's Indigenous communities by creating a new civic relationship and partnership promoting the participation of Indigenous citizens in the social, economic, political and cultural life of the city, improving the quality of life for all citizens of Thunder Bay (City of Thunder Bay, 2012^[19]). Strengthening understanding between the Indigenous and non-Indigenous communities has been identified as a key action to foster well-being in the city. The strategy was developed through formal and informal gatherings with the local Indigenous community, including leaders, administrators, service providers, community groups, elders, youth and community members. Through focused discussions, the City Council has identified the key roles it will play as part of the strategy:

- Leader, to demonstrate the commitment to work closely with the Indigenous community;
- Partner, to support and recognise the work of the Indigenous community by sharing expert knowledge, information, resources and establishing partnerships;
- Employer, to build a workforce which is reflective of the city's characteristics;
- Service Provider, to increase Indigenous participation in municipal services and programmes.

One of the priorities outlined in the Strategy's action plan is a focus on the city's role as an employer of Indigenous people. To do so, the city plans to develop culturally sensitive and specific recruitment materials to market working at the city to Indigenous communities as well internship programmes to provide work experience opportunities. The City Council also outlines the importance of cultural sensitivity training to all new employees as part of their orientation.

The Aboriginal Liaison Strategy is to be reviewed each year, to identify the areas of focus for the coming year and the financial support required. Indicators of success have been identified as improvements to Statistics Canada numbers (employment, education, homelessness, poverty); increased participation by the Indigenous community in City services and programmes; Indigenous people becoming more engaged in municipal politics and governance (boards and committees); feeling welcomed and respected; more and on-going involvement with Mayor, Council and Administration and seeing Indigenous people being positively represented in the community.

Box 3.4. Mayor's Indigenous Advisory Circle in Winnipeg

In 2015, the Mayor of the City of Winnipeg, Canada, announced the establishment of a Mayor's Indigenous Advisory Circle (MIAC) (OECD, 2018^[20]). The role of the MIAC is to advise on policies the City of Winnipeg can implement to further build awareness, bridges and understanding between the Indigenous and non-Indigenous communities. Meetings of the Advisory Circle are held quarterly and members include Indigenous elders, First Nation Chiefs, as well as members from the education and university sectors, and Aboriginal Chamber of Commerce.

A key achievement of the MIAC is the Indigenous Accord, which was adopted by City Council on March 22, 2017 (City of Winnipeg, 2019^[21]). The Indigenous Accord is conceived as a living document that should guide the shared commitment to reconciliation in Winnipeg. It outlines a vision of reconciliation as well as a series of important commitments and principles. Accord signatories agree to report the success of their commitment to reconciliation and their future goals annually.

A key objective of the Accord is to establish local partnerships, start new initiatives and engage local players. Several local organisations have signed the accord over the last years, committing to advancing reconciliation in Winnipeg and embracing a respectful relationship with Indigenous communities. These include among others the Royal Winnipeg Ballet, CentrePort Canada, Investors Group, the Manitoba Museum and the Manitoba College of Social Workers.

The MIAC also played an important advisory role in declaring 2016 the Year of Reconciliation, implementing the Truth and Reconciliation Commission's calls to action, and collaborating to develop Winnipeg's Urban Indigenous Accord.

Source: OECD (2018). Indigenous Employment and Skills Strategies in Canada, OECD Reviews on Local Job Creation, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300477-en>; City of Winnipeg, (2019), Winnipeg's Indigenous Accord, <https://www.winnipeg.ca/indigenous/wia/default.stm>.

Lessons from New Zealand

The City Council of Christchurch, New Zealand, has adopted a Multicultural Strategy, which aims to foster inclusion, participation and access to public life of all minorities in the city, including Indigenous Peoples (Christchurch City Council, 2017^[22]). The Strategy was developed in partnership with leaders from the local communities. A Multicultural Working Group, composed of elected members and community representatives, was established in mid-2015 to discuss strategic priorities.

The Strategy is built around four overarching principles/goals: 1) the Christchurch City Council is an inclusive and diverse organisation which reflects, understands and responds to the diversity of individuals and communities it serves; 2) all communities have equitable access to Council services and resources; 3) all residents are able to participate in Council decision-making; and 4) Christchurch is a city of cultural vibrancy, diversity, inclusion and connection.

The Multicultural Strategy builds on the City Council's strategic approach, which includes: promoting the diversity of cultures and languages in the city through its libraries; celebrating cultures through local and citywide cultural events promoting the diversity of Ōtautahi/Christchurch people; funding that supports diverse communities' social

connections, cultural celebrations, and reduce barriers to participation in all aspects of city life; promoting diversity in the workplace by providing diversity training to its employees; and empowering communities through community development work.

The City Council, in consultation with the community, has developed a five-year implementation plan including the priority actions and other actions as identified. The plan includes targets and indicators to measure success. Implementation of the plan commenced in 2017.

Box 3.5. Independent Māori Statutory Board in Auckland

The Independent Māori Statutory Board is an independent body corporate of nine members based in Auckland, New Zealand (Independent Māori Statutory Board, n.d.^[23]). The Board has specific responsibilities and powers under the Local Government (Auckland Council) Amendment Act 2010 to promote issues of significance to Māori to the Auckland Council. It provides direction and guidance to the Auckland Council on issues affecting Māori to help improve council responsiveness. The Board also ensures that Auckland Council acts in accordance with statutory provisions relating to the Treaty of Waitangi (Te Tiriti o Waitangi) and works more broadly to advance Māori interests in Auckland.

Two Board members sit, with voting rights, on each of the council's committees that deal with the management and stewardship of natural and physical resources. Specifically, the Board is appointed to the following council committees: Finance and Performance Committee; Planning Committee; Environment and Community Committee; Community Development Committee; Audit and Risk Committee; Regulatory Committee; Civil Defence and Emergency Management Committee; Auckland Domain Committee. The Board meets at least six times a year and is supported by a Secretariat.

Source: Independent Māori Statutory Board, (n.d.), About us, <https://www.imsb.maori.nz/about-us/introduction/>

Promoting local entrepreneurship opportunities for Indigenous Australians

Lessons from Canada

In an effort to provide Indigenous people with the skills needed to succeed in starting and developing a business, the Government, universities and other institutions have introduced targeted programmes in Canada such as:

- The Indigenous Community Futures Development Corporations, a community-driven, economic development initiative assisting communities in Canada to develop and implement strategies for dealing with a changing economic environment (OECD, 2019^[24]). The Community Futures network consists of 267 non-profit Community Futures Development Corporations (CFDCs) across Canada (Community Futures Canada, n.d.^[25]). It provides small business services such as loans, tools, training and information for people looking to start a business (OECD, 2019^[24]). Some CFDCs are located in Indigenous communities and are Indigenous-run, offering services targeted to the specific needs of the local community. Indigenous CFDCs are funded by the Regional Development Agencies;

- Indigenous Services Canada - Aboriginal Business and Entrepreneurship Development (ABED), supporting Indigenous entrepreneurs in activities such as: business planning, acquisitions and expansions; marketing initiatives that are local, domestic or export-oriented; new product or process development; technology adoption; financial services; and business-related training and mentoring services (OECD, 2019^[24]). The ABED programme is delivered on behalf of the Government of Canada by Aboriginal Financial Institutions (AFIs), located in all regions of the country. AFIs are responsible for the management, distribution and administration of an equity fund and have the authority to approve funding for activities up to a maximum of CAD 99 999 for Aboriginal individuals and incorporated businesses and up to CAD 250 000 for community-owned businesses (Indigenous Services Canada, 2013^[26]);

Box 3.6. The Aboriginal Canadian Entrepreneurs programme

The Aboriginal Canadian Entrepreneurs (ACE) programme aims to help Indigenous entrepreneurs launch their business ideas by providing classroom learning, tailored mentorship and apprenticeship experiences (The University of Victoria Gustavson School of Business and Tribal Resources Investment Corporation, 2019^[27]). The programme was developed through a partnership between the University of Victoria's Gustavson School of Business and Tribal Resources Investment Corporation (TRICORP). The programme aims to bring the educational course to the students' local community, making it more accessible to students, who no longer need to travel to the university. The entire programme incorporates Indigenous culture and traditions together with lessons on business practices.

The ACE Program is delivered over a number of weeks providing entrepreneurs with courses, mentorship and practical entrepreneurial experience. As part of the programme, students participate in basic entrepreneurial courses, 16 two-day workshops and 16 weeks of mentorship and coaching. This project-based programme allows students to learn through experience and close guidance from a business mentor. As of March 2019, the programme boasts of having: 275 Indigenous graduating entrepreneurs; 72 new businesses started; participation in 26 Indigenous communities; 11 700 hours of teaching and one-on-one mentorship; 128 students with completed business plans and looking for funding; and 18 completed cohorts.

Source: The University of Victoria Gustavson School of Business and Tribal Resources Investment Corporation, (2019), Aboriginal Canadian Entrepreneurs, <https://iamace.ca/>

Lessons from New Zealand

The Māori Business Growth Support programme assists the establishment and growth of Māori businesses by providing information, advice and networking opportunities to Māori entrepreneurs (Te Puni Kōkiri, n.d.^[28]). The programme is run by Te Puni Kōkiri, the Ministry for Māori Development.

Applicants submit a description of their business or business idea to the nearest regional office, where they are asked to specify the challenge they want to tackle, outlining the barriers and support they believe they need to grow their business. After an assessment, eligible businesses receive support through three main channels:

- Information provision and networking, including business fundamentals guidance, online resources, navigation of the business ecosystem, training material and information on courses available;
- Business growth assessment and planning, comprising analysis of business capability and needs, development of a business growth plan, advice and guidance on the implementation of the plan, relationship maintenance and monitoring of progress towards implementing the plan;
- Business support services, by supporting clients develop applications for investment to access business support services, providing investment to contribute to the cost of business support services from private providers, and monitoring the effectiveness and impact of the services received.

In addition, the programme web page redirects to other government web pages providing information on how to start and run a business, as well as obtain nationally recognised business qualifications. Te Puni Kōkiri works in partnership with other agencies providing business support services for Māori businesses. It also helps Māori entrepreneurs access support provided by other entities, such as:

- Poutama Trust, an independent charitable trust established in 1988 to provide advisory support for business investigation, training and growth;
- Māori Women's Development Inc, providing low interest loans for Māori women entrepreneurs, as well as training programmes and information sharing;
- Te Tumu Paeroa, offering land management services and training programmes for Māori land trustees, including financial literacy courses;
- The Māori Innovation Fund, providing funding to help Māori people get the skills and knowledge needed to realise their economic potential.

Lessons from the Barents Euro-Arctic co-operation region

The Indigenous Entrepreneurship (Indigee) project was developed by the International Barents Secretariat (IBS) to provide support and advice to Indigenous Peoples with established enterprises or business ideas closely related to Indigenous cultures and traditions in the Barents Euro-Arctic Cooperation region (Barents Euro-Arctic Cooperation, 2019^[29]). It involved Indigenous Peoples, including Saami, Nenets, Veps and Komi communities, from Norway, Sweden, Finland and Russia, aiming to support and provide advice.

As part of the project, three working groups were created: a group for people without previous business experience, a second for those who already had a business idea and a third for people with established entrepreneurs. Within each working group, participants were offered seminars as well as individual counselling. The project also included home assignments, the participation in business fairs and a final contest where a winner was selected by local entrepreneurs and received a financial reward. Participants of the first two working groups were encouraged to “upgrade” to the more advanced group once they advanced in the development of their business idea.

The first Indigenous Entrepreneurship project took place from 2010-2012 and reported positive results. 26% of the participants reported increased income or results after participating in the project, 27% had registered a new enterprise and 36% reported that they started selling a new product or service thanks to the project. A second Indigenous

Entrepreneurship project lasted until June 2014, and proved to be more successful than the first one. 47% of participants reported an increase in income as a result of participation in the project, 57% started to sell new products, 47% launched a cross-border business co-operation and 69% had set up a business co-operation with another participant.

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