

## **Senate Inquiry into Indigenous Employment Submission from the NSW Department of Aboriginal Affairs**

### **Introduction**

Social, economic and cultural factors continue to impede Aboriginal people seeking employment in NSW. These factors can be divided into four inter-related categories:

1. **Educational disadvantage**, including: poor numeracy and literacy skills, limited opportunities for on-site training for remote and rural communities, high costs associated with training, and limited economies-of-scale to provide training.
2. **Social and Cultural issues**, including: family pressure to share resources, family and social obligations which may result in apprentices/trainees missing classes, and, amongst some families, inter-generational welfare dependency.
3. **Community capacity**, including: inexperience in establishing and managing businesses that could employ community members and limited opportunities for business and employment expansion due to limited markets.
4. **Rural decline**, including: economic stagnation (including as a result from the recent drought) and diminished services (such as banks and post offices).

Below is the Department of Aboriginal Affairs' (DAA) response to the specific issues outlined in the terms of reference for the Senate Inquiry:

#### **A) Effectiveness of the Community Development Employment Projects.**

The CDEP has an important relationship to the DAA's Aboriginal Communities Development Program (ACDP). It allows Aboriginal Community Builders to capitalize on the subsidies received by the trainees/apprentices employed through the ACDP's Employment and Training program (see below). Of the 22 ACDP priority communities, 13 have Aboriginal Building Companies of which the majority were created to implement ACDP-related building projects. The CDEP subsidies account for 2 days of the weekly wages and the Department of Workplace Relations (DEWR) subsidies account for a further 2 days which leaves the Building Company to only have to pay wages for one day per week. This enables the Building Companies to be competitive and have less financial pressure when they are starting out.

Whether individual CDEPs are successful, largely depends on the capacity of the local program operators their general business expertise, and the size of the town – and therefore the opportunities available. In addition, funding must be available for infrastructure and for relevant tools and equipment.

There is anecdotal evidence that some young people and their families do not see the sense in joining the apprenticeship and training program offered through the ACDP. This is because for 17-21 year olds, the program can offer wages that are only marginally more than CDEP, but which require working five days a week instead of two days.

## **B) Appropriateness of current frameworks for delivering vocational and educational (VET) training**

The DAA can comment on the VET it provides to communities through the ACDP, but not training delivered by other agencies.

The DAA has Memorandums of Understanding (MOU) with different agencies, including NSW TAFE, to deliver on-site (on-the-job) training to ACDP apprentices. MOUs allow TAFE teachers to travel to the communities in which the apprentices live and work, to teach the theoretical components of courses.

The MOUs developed by DAA are a basically sound administrative framework within which VET training can be developed and delivered. However, there are problems:

First, on-site training costs per head are higher than training in established educational venues (such as TAFE), as are per head costs for small groups. This is especially the case for training in rural and remote communities, such as where the ACDP operates. Notwithstanding higher costs, on-site training is essential given that many potential apprentices are not willing to travel far from their communities.

Second, there is often a shortage of suitable courses and/or teachers in remote and rural areas. For example, electrical and plumbing courses may be offered in Broken Hill, but not Dubbo.

Third, collaboration and resources from other agencies are required to support the long-term goals of the ACDP. In particular:

- there must be enough work to keep apprentices occupied during training and after graduation;
- Numeracy and literacy skills should be emphasized at school to avoid lost training time during the apprenticeship program;
- High school students from remote regions require additional support as they must travel to, and live in, larger towns to complete high school.

## **C) Effectiveness of competency-based training models**

The training provided through the ACDP is largely competency-based is effective as it allows people to acquire their trade qualification according to the acquisition of skills rather than by participating for a certain length of time.

Under the ACDP, participants normally learn their skills whilst performing real work provided through the allocation of work contracts. This practical base

allows participants to immediately use what they learn in a productive environment. Participants are required to achieve that same quality of work as the commercial sector and are subject to the same Quality Assurance standards. The majority of ACDP participants will achieve their qualifications within three years on a competency-based model compared to four years for time based.

The competency-based model has also allowed the ACDP to pick up participants who had been through previous training programs and are assessed as already having achieved part of their qualification through Recognised Prior Learning. These participants are then able to complete their trade in an accelerated fashion.

#### **D) Effectiveness of initiatives to increase Indigenous participation in training programs and to encourage higher-level skill acquisition**

##### *Two Ways Together*

The primary tool in the Government's efforts to increase Aboriginal participation in training programs and to encourage high-level skill acquisition is its new Aboriginal Affairs Plan, *Two Ways Together*. TWT details the broad policy framework which will guide NSW government agencies' approach to doing business with Aboriginal people until 2012.

TWT has developed a 'cluster structure' to ensure involvement by core agencies responsible for service delivery in each of the seven priority areas: Health, Justice, Families & Young People, Education, Culture & Heritage, Housing & Infrastructure, and Economic Development. An eighth cluster, the AAP Coordinating Committee, is responsible for coordinating the work of the seven cluster groups.

The DAA is the lead agency for the Economic Development Cluster (EDC). The EDC seeks to develop new ways to create employment and training opportunities for Aboriginal people, including establishing relationships with the private sector and facilitating inter-agency initiatives amongst government agencies. To this end, the EDC has four Action Areas: Aboriginal Employment, Aboriginal Enterprise, Land Ownership, and Training and Skills Development. The Action Area of Aboriginal Employment has three key results:

- Increased employment in the private sector
- Increased employment in the public sector (specifically a goal of two percent to reflect the percentage of Aboriginal people in the total population)
- Increased Aboriginal self-employment

Members of the EDC include:

- NSW Department of State and Regional Development
- NSW Department of Commerce
- NSW Department of Education and Training
- NSW Premier's Department

- NSW Office of the Aboriginal and Torres Strait Islander Service
- Office of the NSW Aboriginal Land Rights Act
- NSW Aboriginal Land Council
- Commonwealth Department of Employment and Workplace Relations
- Aboriginal Business Roundtable

The key strength of the AAP is that it allows Aboriginal communities, in consultation with government agencies, to

- Develop regional and local action plans that reflect their own priorities
- Hold government agencies' accountable for ensuring that community's priorities are respected.
- Ensure agencies cooperate with other, resulting in greater efficiency by reducing replication

Note that in regard to activities related to employment and training and skills development, some communities will deem these issues to be priorities for their regional/local plans; others will not.

### Aboriginal Communities Development Program

The DAA also manages the Aboriginal Communities Development Program (ACDP), which is a nine year capital construction, infrastructure upgrade, and employment and training program. The ACDP has a budget of \$240m and targets 22 priority communities. Its objective is to raise the health and living standards of selected, priority Aboriginal communities which have an identified major environmental health need.

A key component of the ACDP is an employment and training component that engages Aboriginal community members as apprentices and trainees and provides on-site training in building and construction. The program is accredited by TAFE NSW. To date, 222 apprentices have been enrolled.

The apprentices/trainees usually work on building projects that are also funded under the ACDP, such as house refurbishment and new home construction. Some of these projects are managed by Aboriginal Community Building Companies which were established following the commencement of the ACDP. Some Aboriginal Building companies are also winning contracts with the firm Resitech, to repair NSW Department of Housing's properties.

As apprentices/trainees require employment following graduation, the ACDP is now developing Sustainability Strategies focused on business development with a view to creating employment opportunities in the communities in which apprentices/trainees live. Primarily this will be through facilitating either the establishment of new businesses or new market opportunities for rural and remote firms. For example, some regional or isolated community builders may manufacture building frames for building companies in metropolitan and coastal regions.

The ACDP model of education and training is effective but expensive. High costs are caused by:

- The need for wage subsidies,
- The establishment of advanced payment systems,
- Waiving financial checks of community builders – which often require considerable time to become established and might never get off the ground if vetoed on the basis of the initial check, and
- Single select tender systems, which are often needed to assist the Aboriginal building company in its early stages. If the company provides a quote above the estimated cost, this is brought to the attention of the builder and negotiated.

### Water and Sewerage Partnerships

The DAA is also forming partnerships with other agencies to deliver training in additional fields. The Vocational and Educational program operated by the NSW Department of Education and Training focuses on improving VET outcomes for Aboriginal people by providing guidance on strategic planning, policy development, resource allocation and service delivery. In the former ATSIC Murdi Paaki region of western NSW, the VET program trains Aboriginal people in the skills necessary to repair and maintain water and sewerage services in communities which face high costs when engaging tradespeople. The VET program also provides funding to purchase buildings which will be used to as venues to deliver training and educational programs.

### General Employment

The DAA cannot comment directly on the effectiveness of training programs undertaken by the NSW Government nor their success in encouraging higher-level skill acquisition, as these areas are outside the DAA's portfolio.

However, the key reason for the AAP's emphasis on *new ways* of doing business comes from the DAA's observation that employment opportunities for Aboriginal people in NSW have not been increasing, notwithstanding agencies' efforts in the area of employment, training and skills development. The proportion of Aboriginal employees in the public sector has been static in recent years, largely as a result of weakening efforts by government agencies to engage Aboriginal people in mainstream positions – i.e., outside Aboriginal Programs Units. In 1996, 1.4 percent of NSW public employees were Aboriginal. Those rose to 1.6 percent in 1998, only to decline to 1.5 percent from 1999 to 2001. The proportion rose back to 1.6 percent in 2002.

The private sector has also not significantly increased its share of Aboriginal employees. These trends have occurred despite increasingly positive retention and completion rates for Aboriginal high school students, which have result in more and better qualified Aboriginal job seekers entering the labour market.

### *Employment in Construction Initiative*

It is worth noting a specific example of a government initiative to facilitate Aboriginal employment: the *Aboriginal Participation in Construction Implementation Guidelines* (APCIG). The APCIG provide a strategic approach to planning and managing employment opportunities, as well as economic opportunities more generally, for Aboriginal people in the construction industry. The DAA is responsible for monitoring government agencies' usage of the guidelines in their development of construction and capital works projects.

A key hurdle in the adoption of these guidelines is their voluntary nature: it is not mandatory for any agency to use them. In addition, agencies that have the most control over Government procurement – and are therefore in a position to encourage agencies and the private sector to adopt the Guidelines – consider the APCIG to be an element of social policy, and therefore not an issue relevant to their portfolio. For this reason, these agencies have declined to encourage stakeholders to adopt the APCIG.

#### *Linking State and Commonwealth Initiatives*

The NSW Government has aligned its efforts in the area of Aboriginal employment with the recommendations of the Steering Committee for the Review of Government Service Provision (SCRBSPP) (see *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Commonwealth of Australia, 2003). The SCRBSPP developed a reporting framework for key indicators of Indigenous disadvantage, which the Council of Australian Governments endorsed in August 2003.

#### **E) Limitations of, and opportunities created by, models for partnerships between industry and Aboriginal people.**

The DAA does not yet have insufficient experience in this area to be able to comment. However, creating such partnerships will be an important element of the Economic Development Cluster's new two year plan, 2004-2006, which is currently being developed.

There are some existing examples of partnerships: the Aboriginal community in Wilcannia created a partnership with a private firm to operate a concrete batching plant at Wilcannia, and in five western NSW towns Aboriginal people are employed by private contractors as part of the contract details for tendering for contracts.