

## Response to NESM Licensing Discussion Paper

### About Indigenous Employment Partners

Indigenous Employment Partners is an Indigenous operated charity and social enterprise with a social purpose to provide culturally appropriate employment, recruitment and training services for Aboriginal and Torres Strait Islander people and the organisations who employ them.

Our directors and staff are proudly determined to address the high-level of poverty and hardship that exists for Indigenous Australians. We bring together a combined 100 years' experience servicing Aboriginal communities and building capacity aimed at fostering inclusive workplaces and increasing employment and training opportunities for Indigenous job seekers.

Our customers are employers with Aboriginal employment and procurement policies, plans, targets, contract requirements and social purposes which are currently not being achieved. We know this be true because IEP conducts informal assessments with all our customers focusing specifically on their Aboriginal recruitment policies, practices and procedures. We ask them questions relating to their experiences recruiting Indigenous candidates and we ask cultural questions about their organisation's commitment to understanding and including Aboriginal culture in their workplace.

### Our Value Proposition

We find work for Aboriginal and Torres Strait Islander Australians.

### Our Vision

Contribute to ending the cycle of poverty and disadvantage experienced by Indigenous Australia by building capacity and fostering self-sufficiency through employment.

### Our Social Purpose

To provide culturally appropriate employment, recruitment and training support services to employers to optimise engagement and retention of Indigenous Australian peoples and to facilitate employment opportunities for Indigenous peoples that promote self-sufficiency and self-management resulting in a long-term better standard of living.

## Indigenous Employment Partner response to NESM Licensing Discussion Paper

Specialist Indigenous employment services provision is an important foundation for improving Closing the Gap performance. It supports Indigenous communities to realise self-determination and the provision of good quality jobs that relate to local infrastructure needs such as health, schools, aged and legal services. Hence the inclusion of Indigenous organisations in the provision of employment services must be an integral part of the design, rather than an add on, enforced through the provision of targets, that do little to address the disconnect between Indigenous self-determination and mainstream employment services.

Many Indigenous long-term unemployed clients have missed out on getting sustainable jobs through employment services and this is evident in the higher numbers of long term unemployed who identify as Indigenous in comparison to others. Approximately 17 % of very long-term unemployed job seekers are Indigenous people<sup>1</sup>. As at 30 November 2019, 79.3 percent of Indigenous job seekers were in Streams B or C compared with 60.1 percent of non-Indigenous job seekers<sup>2</sup>. This means there is a high probability that Enhanced Services caseload will contain more high levels of Indigenous job seekers. Within the group who will be Enhanced Services eligible there will be even that compounded disadvantages such as poorer literacy, mental health issues and ex-offending.

There should be concerns that most job placements made by jobactive providers are into casual and part-time employment<sup>3</sup>. While these forms of employment may perform a stepping-stone role, they generally lead to churn. Sustainable employment is required to enable the Government to really tackle Closing the Gap priorities. This has become even more of a priority the lower chances of disadvantaged job seekers' being first in line for jobs after during the COVID recovery.

Indigenous specialist organisations do get results. Indigenous Employment Partner's has a wrap-around support services that gets outstanding results. Our post-placement support results in a 96% retention rate at 26 weeks. We have strong track record of excellence in achieving sustainable employment outcomes for Aboriginal ex-offenders, single mothers and the hidden unemployed that are focused on Closing the Gap priorities. The most important element of our service is built on the trust-based relationships we develop with Indigenous people in the communities we operate.

As an Indigenous specialist organisation, Indigenous Employment Partner is concerned about the viability of the panel licensing model for specialist organisations, wishing to focus solely on specialist services. We ask the Department to engage organisations like ours in a co-design process to ensure there is market viability for specialist organisations.

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1 [https://www.socialventures.com.au/assets/generationone\\_stc-case-studies-of-success\\_v11-web.pdf](https://www.socialventures.com.au/assets/generationone_stc-case-studies-of-success_v11-web.pdf)

2 Submission to House of Representatives Standing Committee on Indigenous Affairs Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business January 2020  
<https://www.aph.gov.au/DocumentStore.ashx?id=0930c823-a789-45b0-9eb0-66ae39fe4bab&subId=678228>

<sup>3</sup> Next Generation Employment Services Appendices

Indigenous Employment Partner acknowledges the Traditional Owners and Custodians of the lands which we live, meet and work on. We pay our respects to the people, the cultures, and the Elders past, present and emerging whose connection to their lands is as strong today as it has ever been.

The need for this co-design process is drawn from the analysis we offer in this discussion paper where we focus on the guiding questions relating to the viability of the licensing model for Indigenous specialists.

In conclusion, Indigenous Employment Partner would like to stress the importance of developing a licensing model that is viable in partnership with specialists like ourselves, so that viability concerns can be elaborated in more detail.

## Specialist providers - Guiding questions

*Should cohort specialists only be referred job seekers from their target cohort?*

It is Indigenous Employment Partner's preference to be referred only Indigenous job seekers. However, these caseloads would need to be viable - so it is important that the question of caseload viability is examined closely. The effectiveness of the assessment and referral processes in offering specialist cohorts and choice also needs to be considered.

Previous iterations of employment services have involved system distributed referrals by market share, mediated at the point of selection by Star Ratings by Services Australia. It is not clear how the referral process to Enhanced Services for specialist cohorts would operate. If it is via Services Australia then there would need to be scrutiny of the referral process at that level to ensure it is effective. Given that so many new referrals to employment services are now being managed digitally the technical aspects of this referral process also need to be considered.

Referral of specialist cohorts also needs to be considered as part of the transition process.

As the discussion paper indicates, specialist cohorts *would not be mandatorily referred to a specialist but could instead choose a generalist provider. If an eligible job seeker made no choice, the job seeker would be referred to a relevant cohort specialist provider by default.*

***It is necessary to test the assumption that this would result in an adequate flow of specialist job seekers. Indigenous Employment Partners would be pleased to be invited to engage in scenario modelling with DESE.***

The discussion paper suggests that an alternative option to cohort specialists could involve:

*A generalist provider being able to offer 'areas of speciality' within its servicing arrangements that it could promote to potential job seeker and employer clients.*

Indigenous Employment Partners does not support this latter proposal because of the arguments regarding culturally sensitive specialisation we have already outlined. It is important that services provided to Indigenous job seekers are based on trust.

## What factors should determine where specialists are located?

To genuinely support the entry of small specialist organisations there needs to be clarity about market share arrangements and Employment Region (ER) coverage in the Request for Proposal (RFP).

Specialist stand-alone services should be located only where there is caseload viability in postcodes where there is likely to be demand. These postcodes and districts should be the same as where there is already a concentration of specialist educational, health and welfare services.

## Chapter 7 – Guiding questions

### 7.1 What would assist smaller organisations to enter the provider market?

**Market diversity and local capability are two important objectives of the Panel model. It is imperative that licenses for small service areas and site-specific operations be facilitated as intended in the discussion paper.**

However, Indigenous Employment Partners is concerned the licensing and panel model privileges providers who can operate at scale and who already have a footprint across multiple ERs. It is likely that generalist providers will claim specialist capabilities and that this will be an easier option for the Department to administer. But that would undermine the point of specialist organisations with genuine community connections, and in the case of Indigenous job seekers, would not lead to better outcomes.

Unless protections are in place smaller providers will not be able to maintain services. The following ideas would support specialist provider viability:

- The Department should co-design a specialist market viability strategy in partnership with specialist organisations and include them in projections of caseload viability and fees prior to the Exposure Draft. This would enable configurations of specialty that have been overlooked to be addressed through having undertaken a thorough early consultation
- The Department could also run a special procurement application process, by ringfencing or excising locations where specialists would be located, rather than enabling generalist providers to apply for them.
- The model must offer certainty (i.e. initial market share) to new provider entrants so that they can effectively plan and cost their services. The guaranteed minimum market share would need to be established from transition.
- If guaranteed market share is not possible, a higher upfront Service fee should be provided.
- A shift away from outcome-based fees to fee-for-service or activity-based funding so there are more initial resources to work Indigenous job seekers

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- Specialist providers should be able to advertise their services to obtain direct referrals and within the ER from other providers.

### License review process and performance measures for specialist providers

Quarterly information about the performance of providers on the panel would need to be made available to sub-panellists (and the general public) so that strategic business decisions could be made ahead of the re-licensing process.

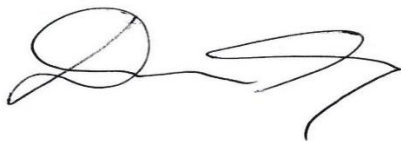
Furthermore, performance would need to be benchmarked against other specialists with similar cohorts in similar labour markets. The reason for this is that specialist providers would typically be working with smaller caseloads, across labour markets with vastly different conditions.

Alternatively, minimum performance targets could be developed in partnership with specialist providers as part of the contract term negotiation.

Given that Enhanced Services are a completely new kind of employment services, it may be beneficial to wait to develop the performance framework until services have been operating for 12 months or so.

Thank you for the opportunity to provide input into this important new approach to a new employment service model. We would welcome the opportunity to discuss any aspect of this response. If you would like to seek more information please contact us at [jobs@indigemployment.com.au](mailto:jobs@indigemployment.com.au)

Yours Sincerely



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