

Review of the GenerationOne Vocational Training and Employment Centres (VTEC) Model

Final Report

September 2012

This page will contain publication information including ISBN

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Overall Findings

Hugh Watson Consulting Pty Ltd (“The consultants”) was engaged by the Department of Education, Employment and Workplace Relations (“The Department”) to review and analyse the strategies and methods proposed by GenerationOne for Vocational Training and Employment Centres (VTECs) and compare them to similar projects which are supported by Australian Government programs and services to overcome the issues faced by both employers and Indigenous job seekers and increase Indigenous employment and retention outcomes..

All the projects reviewed in the case studies, which are funded by the Department’s Indigenous Employment Program (IEP) were operating successfully in training and placing Indigenous job seekers into work. The Department put forward a range of successful, employer-driven projects for comparison that shared many of the features of the VTEC model. There were however differences in the length of the training program, industry sectors, locations and circumstances in which they operated. Some were for specific industries; some were for specific employers, some operated in remote locations and others in the cities or a wider geographical area.

However the case studies do provide valuable information regarding the key features of successful projects. These components include:

- **A specified job** which is available to the participant either at the outset or once they have successfully completed the program;
- **Employers’ involvement** in the program, cultural awareness training and preparation of the workplace for the inclusion of Indigenous employees;
- **Engagement** with Indigenous community networks;
- **Mentoring** being available to the participants both during training and in the work place;
- **A comprehensive selection process** which identifies committed and suitable participants;
- **JSA support and partnership** and engagement in the program;
- **Recognition of multiple barriers** that participants face in overcoming unemployment and that these need to be identified and addressed;
- **Work experience** through alternative employment paths to assist participants and keep them engaged and in employment;
- **Location of training** and provision of or ready access to **transport**; and
- **Adapted pedagogical methods** to meet the needs of the participants.

The components of each case study project were analysed and a framework defined. This component framework was used to analyse the GenerationOne VTEC model as shown in the following table. The analysis of the GenerationOne VTEC model against the case studies identified a number of unresolved operational elements and other matters which remain unclear.

| Summary of key features of model and case studies | GenOne VTEC Model | FMG VTEC | Rio Tinto | Replay | MEEA | Yarn'n | Group Training Australia | Coles |
|---|-------------------|----------------------|-----------|-------------|--------|----------------|--------------------------|----------------|
| Guaranteed Job | ✓ | ✓ _v | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ |
| Location | Urban | Remote | Remote | Urban | Urban | Urban/Regional | Urban/Regional/Remote | Urban/Regional |
| Employer engagement/cultural awareness | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Community networks | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Screening process for job seekers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Workplace Mentoring | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Job skills training with accredited training | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Work ready and personal development | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | In part | ✓ |
| Complementary service referral | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ |
| JSA financial contribution | ✓ | ✓ | ✓ | Sometimes | ✓ | Sometimes | ✓ | ✓ |
| Integrated Intermediate Labour Market | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✗ |
| Employer financial contribution | Not stated | ✓ | ✓ | ✓ | ✗ | In kind | ✓ | ✓ |
| Participant wages | Not stated | ✓ | ✗ | ✓ | Some | Some | Yes - apprentices | ✗ |
| Type of organisation | Service provider | Employer | Employer | RTO/IEP | IEP | IEP | GTO/IEP | Employer |
| Single or Multiple employer | Multiple | Single + contractors | Single | Single | Single | Multiple | Multiple | Single |
| Provision of transport | ✓ | ✓ | ✓ | Residential | ✓ | ✓ | ✗ | ✗ |

Table 1 :GenerationOne VTEC model compared with case studies

In sum, most if not all of what is proposed in the GenerationOne VTEC model is already in operation in the organisations reviewed; all of which are working successfully. However unlike the case study projects, the GenerationOne VTEC model is aimed at providing Indigenous employees for small to medium enterprises, city based and in a range of sectors/industries.

Because the participants face barriers to learning and employment which vary greatly in degree and nature, and also because participant and outcome data is

collected for different purposes it is not possible to make a valid comparison between the outcomes of each of the projects. They are all, however, regarded by employers and the Department as examples of best practice and highly successful in placing Aboriginal and Torres Strait Islander job seekers into ongoing employment.

The FMG project was for FMG and its contractors, in the remote Pilbara in the mining industry. There are significant differences between the FMG VTEC and the GenerationOne VTEC model. Though it has many elements in common the FMG VTEC, operated by a single large employer in a remote region, does not provide "proof of concept" for the GenerationOne VTEC model, which is primarily designed for multiple smaller employers across different industries in an urban setting.

The budget proposed by GenerationOne for a VTEC Greenfield site is \$1,400,000 per annum, plus \$39,600 initial capital costs, for a program for 250 participants. This is a cost of \$5,600 per participant.

This does not include facilities as it is assumed that a partnership would be developed with a TAFE or similar training institution and the program would be run from their premises free of charge. If this is not possible then additional funding would need to be sought to cover rental and utility costs. No participant training or mentoring costs are included in the budget.

If training costs of \$4,000 per participant (which is similar to those seen in the case studies) and mentoring costs of \$2,750 per participant (which is similar to those seen in the case studies) were added to the GenerationOne VTEC budget then the total cost per participant of the Generation model would be \$12,350, which is very similar to the case study projects which included all components.

Executive Summary

Introduction

Hugh Watson Consulting Pty Ltd ("The consultants") was engaged by the Department of Education, Employment and Workplace Relations ("The Department") to review and analyse the strategies and methods proposed by GenerationOne for Vocational Training and Employment Centres (VTECs) and compare them to similar projects which are supported by Australian Government programs and services to overcome the issues faced by both employers and Indigenous job seekers and increase Indigenous employment and retention outcomes.

The Terms of Reference

The terms of reference for this review were to:

- Define and document the proposed GenerationOne VTEC model identifying all its component elements and the outcomes that it aims to deliver and the processes by which delivery would occur.
- Document and critically analyse a range of projects, including the Fortescue Metals Group (FMG) VTEC, which:
 - are funded through a variety of government programs and services
 - aim to achieve similar outcomes to the GenerationOne model
 - contain some or all of the components of the GenerationOne model
 - would allow reasonable comparison (to the extent that data will allow) of:
 - the costs of administering the models; and
 - the employment outcomes achieved.
- ! • Examine the funding arrangements and cost estimates for the GenerationOne VTEC model and consider whether there are other funding options for the GenerationOne model which:
 - rely less heavily on the Indigenous Employment Program (IEP)
 - increase industry and employer take-up and contribution of resources
 - make greater use of resources from Job Services Australia (JSA) providers (mainstream programs) and
 - utilise other skills training programs.

Methodology

A detailed methodology and approach for the conduct of the review was developed comprising of five stages including conducting case studies of seven organisations' Indigenous employment and training projects funded through the Indigenous Employment Program (IEP). Site visits were made to each of the

case study projects and meetings were held with GenerationOne in Sydney and the Australian Employment Covenant (AEC) in Perth and Sydney. The components of each case study project were analysed and a framework of key components defined. This component framework was then used to analyse the GenerationOne VTEC model. For this reason, in both this Executive Summary and in the body of the report, the case studies are dealt with first and then the GenerationOne VTEC model is described and analysed.

Key findings from the case studies

Seven case studies were selected by DEEWR and undertaken by the consultants with the following organisations:

- Fortescue Metals Group (FMG)
- Rio Tinto
- Coles Supermarkets Australia
- The Replay Group Pty Ltd
- Mining, Energy and Engineering Academy (MEEA)
- Group Training Australia
- Yarn'n Pty Ltd

All the projects reviewed in the case studies, which are funded by the Department's Indigenous Employment Program (IEP) were operating successfully in training and placing Indigenous job seekers into work. The Department put forward a range of successful, employer-driven projects for comparison that shared many of the features of the VTEC model. The components of each case study project were analysed and a framework defined. This component framework was used later when analysing the GenerationOne VTEC model.

There are a number of key features which contribute to the success of the case study projects operated by these organisations. Some are common to many of the case study projects and some are individual and address the particular circumstances of the specific case study organisation. All help to explain why these projects are successful. These features are:

- **A specified job** which is available to the participant either at the outset or once they have successfully completed the program;
- **Employers' involvement and preparation of the workplace** in the program, cultural awareness training and preparation of the workplace for the inclusion of Indigenous employees;
- **Engagement** with Indigenous community networks
- **Mentoring** being available to the participants both during training and in the work place;
- **A comprehensive selection process** which identifies committed and suitable participants;
- **JSA support and partnership** and engagement in the program;

- **Recognition of multiple barriers** that participants face multiple barriers to overcoming unemployment and that these need to be identified and addressed;
- **Work experience** through alternative employment paths, in some cases like an intermediate labour market program, to assist participants and keep them engaged and in employment;
- **Location of training** and access to transport for participants such that these do not form barriers to participation; and
- **Adapted pedagogical methods** to meet the needs of the participants.

There are also a number of variable features between the models used in the case studies which mostly relate to the specific circumstances of the individual organisation; often driven by the industry they are in and the subsequent skill needs required. These include the following:

- **Length of the project.** There is considerable variation in the length of the project ranging from a one week pre-employment program to twenty weeks;
- **Extent of mentoring provided to participants;**
- **Financial contribution of the employer.** The level to which employers financially contributed to the projects varied. Some employers made significant financial contributions to the projects;
- **Time point at which the participant is placed in a job.** On some projects the participants are placed in a job from the start with training provided along the way. In others it is at the end of a training course;
- **Inclusion of an on the job work experience component in the program.** Some projects involved an element of on the job work experience which provided the participant with the opportunity to assess whether they were suited to the job and gave the employer the opportunity to assess whether the participant met the required standard;
- **Involvement of the local Indigenous community.** The level of involvement varied between the projects but tended to be higher in the more remote locations where it appeared essential for the successful operation of the Indigenous employment programs;
- **Payment of participants.** Some participants received “wages” during the project; and
- **Entity type of the program provider.** Some are employers who are running programs to train and recruit employees for their own business; others are program providers running programs on behalf of specific employers or employers from a particular sector.

The cost of each of the case study projects was considered. In most cases these costs were derived from the IEP funding agreements and the original proposals submitted to the Department and include only those costs funded by DEEWR through the IEP program.

The cost per participant varied between \$2,652 and \$13,302, with those projects which included all the components of pre-employment and skills training, mentoring and cultural awareness training for the workplace costing \$11,500 plus. Mentoring was a significant component of many of the projects with costs ranging from \$1,860 to \$6,060 per participant. The cost of cultural awareness training for the workplace ranged from \$115 to \$425 per participant.

Many of the case study projects attract funding or benefits in-kind in addition to the IEP program funding received from DEEWR and/or program providers self-fund some of the expense. Those identified included:

- State Government funding;
- JSA financial contribution from the Employment Pathways Fund (EPF);
- Employers who had made a financial contribution or contributed employee time and know-how/expertise, travel expenses, cultural awareness training and information sessions;
- Indigenous community leaders who had provided input to project development;
- TAFEs who had contributed training courses and /or the use of infrastructure and or equipment either free of charge or at a below market rate; and
- Program providers who had contributed program management to the project, staff time and the use of infrastructure and equipment.

Quantitative data regarding participants and project outcomes was sought from the IEP and JSA information management systems whose primary purposes are the administration of government employment programs. They are not designed for the purpose of rigorous statistical comparison of programs and the data has therefore been included to inform at the individual case study level only rather than for comparison across the projects.

Because the participants face barriers to learning and employment which vary greatly in degree and nature, and also because participant and outcome data is collected for different purposes it is therefore not possible to make a valid comparison between the outcomes of each of the projects. They are all, however, regarded by employers and the Department as examples of best practice and highly successful in placing Aboriginal and Torres Strait Islander job seekers into ongoing employment.

Although many of the case studies had similar key features there were many differences in the industry sectors, locations and circumstances in which they operated. Some were for specific industries; some were for specific employers some operated in remote locations and others in the cities or a wider geographical area. For these reasons and because the participant and outcome data is collected for different purposes it is not possible to make a valid comparison between the outcomes of each of the projects. However the case

studies do provide valuable information regarding the components of successful projects.

The proposed GenerationOne VTEC model

The GenerationOne VTEC model was analysed.

During the course of the review GenerationOne and the AEC underwent re-structures and advised the Department that they were amalgamated under the GenerationOne banner, with the AEC operating as a program under it. Both GenerationOne and the AEC were consulted and provided clarification regarding their proposed model and the proposed financial inputs. Further developments of the model occurred during the review period and have been considered in this analysis. The current version of the GenerationOne VTEC model that was costed by the AEC for this review has changed in a number of respects from the original model published by GenerationOne on January 2012.

The aim in the model is to:

- “comprehensively assist the job seekers to address the barriers to employment; and
- train to employer’s specifications for a guaranteed job.”

The GenerationOne VTEC model is broadly outlined in several of their publications. The key elements of the model are that it:

- has a job as an incentive to commence and complete training: the Australian Employment Covenant (AEC) will have identified jobs for those who progress through the VTEC;
- targets Indigenous job seekers who find it most difficult to obtain employment (streams 3 and 4);
- provides case-management assistance to job-seekers through consolidating legal, medical and financial advice and assistance (“From first contact point, partners act as a virtual case-management team around the participant, including providing a safety net to catch those who fall out”);
- intends to provide assistance to the job-seekers so that they are job-ready;
- relies on employer signatories to the Covenant fulfilling their commitments regarding the employment of Indigenous job seekers;
- relies on partnerships with JSA providers and other service providers for shopfronts, for referral of candidates and for some financial contribution towards expenses and access to EPF funds from JSA providers;
- relies on State and Territory governments to provide assistance to enable it to utilise existing programs, services and infrastructure including TAFE training, premises, staffing, transport, health services and accommodation services.; and

- relies on the Australian Government for financial assistance to set up and sustain VTEC infrastructure, staffing and support mentoring.

Initially four locations were suggested for VTECs: Brisbane, Sydney, Melbourne and Perth. During the review GenerationOne and the AEC further proposed Darwin as an additional location.

Initially GenerationOne and the AEC did not intend to be a provider and did not specify who would fulfil the provider role. During the course of this review GenerationOne and the AEC have suggested that preference would be given to selecting a service provider (JSA or IEP panel member) that is already delivering as many of the elements of the VTEC model as possible. Missing elements would either be delivered by the lead service provider or coordinated by the lead service provider and delivered by a partnered provider, agency or service.

Discussions with the AEC indicate that participants would be given additional assistance and time to become job ready. An intermediate labour market is mentioned in the GenerationOne policy documents as one way of addressing this.

The model is defined and documented in the component framework shown below:

| Components | GenerationOne VTEC Model |
|--|--|
| Sector | Industry and place based. |
| Location | To be determined, however Darwin, Brisbane, Sydney, Melbourne and Perth have been suggested for the demonstration sites. |
| Employer | Generally AEC registered employers (330) from a diversity of industries. |
| RTO | To be negotiated on a case by case basis with a provider. The model does not explain how the VTEC would manage delivery of training if a wide variety of job types or available at a given time, requiring different types of industry skills training. |
| Length of program | 6 weeks (12 courses per year) |
| Program lead | Preference would be given to select a service provider (JSA or IEP panellist) that is already delivering as many of the elements of the VTEC model as possible. Missing elements would either be delivered by the lead service provider or coordinated by the lead service provider and delivered by a partnered provider, agency or service e.g. driver training may be contracted out etc. |
| Service provider entity characteristics | |
| Entity type | To be determined but Generation One's preference would be for the employing entity to be a registered charity, so it has the benefits of charitable tax status |
| Community networks | Most of the AEC State Managers have strong community links. |
| Industry knowledge | The industries and related industry knowledge from the AEC job commitments to be developed through the VTEC have not been considered in detail, as it would depend on |

| Components | GenerationOne VTEC Model |
|---|--|
| | the location. |
| Indigenous employment programs expertise | Several of the AEC State Managers have direct relevant experience. The model is reliant on establishing and maintaining knowledge of, and strong relationships with, a range of government programs and services, including state and territory programs. |
| Designated facility | The intention is to develop a partnership with a TAFE or similar institution to run the program from their facility. In some cases where this cannot be negotiated, funding may be required for adequate facilities and utility services, or provided by employers. |
| Characteristics of program | |
| Guaranteed jobs | AEC state that they wish to assist the job seekers to address the barriers to employment and train to a guaranteed job. |
| Identified job | AEC state that they wish to train to employer's specifications for a guaranteed job. A significant proportion of AEC jobs are entry-level positions. |
| Time of placement in job | This would generally be after completion of the program. The model does not explain the extent to which apprenticeship and traineeships would be used, which are an important part of many successful IEP projects. |
| Access policy | The VTEC is designed to specifically target stream 3 and 4 Indigenous job seekers. However, the VTEC would be open to all Indigenous job seekers regardless of their stream classification. |
| Target participants | AEC would target Indigenous communities in a geographic region. |
| Australian Government funding sought | To be negotiated, however it could include capital expenditure (vehicles, computers and possibly facilities), running costs (staffing, vehicles, insurance, catering and communications) and mentoring. |
| State/Territory support | To be negotiated, however it could include TAFE training, premises, staffing, transport, health services and accommodation services. The model does not include the cost of these services and is therefore reliant on being able to secure such services from state/territory agencies and programs. |
| Information session | Not specifically stated. |
| Screening assessment | This is suggested in the GenerationOne policy paper. All job seekers registered with JSA undergo assessment to determine the appropriate level of Stream Service, and a Skills Assessment which is used to develop an individual Employment Pathway Plan. The implication is that the VTEC would undertake some additional assessment or screening specific to AEC jobs. |
| Medical assessment and referral mechanism | Not specifically stated, although the consolidation of services is a key part of the VTEC policy paper published by GenerationOne. |
| Access to transport | Recognised as an important factor in where a VTEC might be situated. |
| Provision of transport | Not specifically stated. |
| Mentoring and support in training | Seen as an integral part of the model. The AEC have stated (verbal confirmation 6 August 2012) that the mentoring would not be the principal activity of the case |

| Components | GenerationOne VTEC Model |
|---|---|
| | managers and is likely to be sub-contracted out. |
| Participant payment | Not specifically stated. |
| JSA involvement | The model states that partnerships with JSAs would be essential. It assumes JSA providers would utilise the AEC Jobs Board website to identify jobs for Indigenous candidates and record their placement on that website. Although the JSAs are already contracted to provide a full range of services including making referrals to complementary services such as accommodation, mental health and drug and alcohol support services as required, the model does not necessarily identify that JSAs would be providing this. |
| JSA financial contribution | The proposed budget assumes that training costs would be covered by JSA's EPF: "Budget does not include the training costs for the industry skills training required by the employer i.e. Cert II Retail, Hospitality etc. Depending on the occupation and the duration of the training, the costs would vary. It is envisaged that these costs would be covered by JSA's EPF." This means that the model relies on the JSA's agreeing to use the EPF for this purpose and assumes that there are funds unspent for each job seeker. It is also assumed that Post-Placement support would be assisted by JSA providers. |
| Employer financial contribution | Not specifically stated. |
| Employer involvement in program | Assumed in policy paper with the employer's obligations being: <ul style="list-style-type: none"> • Agree to guarantee a specified number of sustainable jobs based on their workforce requirements. • Provide a workplace mentor from within their workforce. • Ensure the workplace culture is conducive to the recruitment, retention and development of Indigenous staff. Budget assumptions include a Post-Placement support plan. |
| On the job experience with the employer | Not specifically stated. |
| Work experience entity | An intermediate labour market is mentioned in GenerationOne policy documents and the model and discussions with the AEC indicate that participants would be given additional assistance and time to become job ready. |
| Additional time | The model and discussions with the AEC indicate that participants would be given additional assistance and time to become job ready. |
| Work ready and personal development component | AEC state that they wish to: "comprehensively assist the job seekers to address the barriers to employment and train to a guaranteed job." The providers are to be negotiated. |
| Job skills training with accredited training | AEC state that: "Budget does not include the training costs for the hard-skill training required by the employer i.e. Cert II Retail, Hospitality etc. Depending on the |

| Components | GenerationOne VTEC Model |
|------------------------------------|--|
| | occupation and the duration of the training, the costs would vary. It is envisaged that these costs would be covered by JSA's EPF." |
| Hands on training | The GenerationOne policy paper refers to: "Training has clear expectations and line of sight to a job; it is applied, practical and relevant to the workplace." This may imply hands-on training. |
| Adaptations to pedagogical methods | The GenerationOne policy paper refers to: "Training has clear expectations and line of sight to a job; it is applied, practical and relevant to the workplace. Different learning styles are catered for." |
| Graduation | Not specifically stated. |
| Cultural awareness training | The AEC assists companies to develop cultural awareness programs. It is assumed that would continue under a VTEC. |
| Workplace mentoring and support | Post-Placement support plan to be developed between the Employer, JSA and VTEC. To be funded by JSA and Employer. |

The analyses identified a number of unresolved operational elements which include, for example:

- at what point in the model's process the jobs will be specified, the program designed for those jobs, and the job seekers matched to the jobs and employers;
- how the VTEC will work with the JSAs and how it would enhance and avoid not duplicating any existing services, especially around the assessment of job capacity and needs;
- what industry skills training might be provided for what level of certification;
- how long the program will be if industry skills training is included;
- whether there will be an information session for potential participants;
- whether there will be a medical assessment and referral mechanism;
- whether transport will be provided for participants;
- whether there will be participant payments;
- what, if any, the employer's financial contribution might be;
- whether there will be on-the-job experience with the employer; and
- the nature or identity of skills training and employment providers who will be contracted to deliver the programs.

Additionally other matters which remain unclear include;

- what role GenerationOne and the AEC will have in the operation of VTECs
- the difference between that described and the role currently undertaken by existing JSA providers, especially when in partnership with IEP providers;
- how other elements in successful case study models such as the provision of a health professional, a support worker dedicated to driver licence issues, a recruitment officer, the proximity of a TAFE, would be provided;

- the willingness of JSAs to be a partner;
- the case management load and the approach that will be taken;
- the type of training that will be provided and how this might accommodate the needs of diverse employers and industries; and
- the proposed role of the Australian Government in the most current proposal.

The proposed budget¹

The budget proposed by GenerationOne for a VTEC Greenfield site is \$1,400,000 per annum, plus \$39,600 initial capital costs, for a program for 250 participants. This is a cost of \$5,600 per participant.

This does not include facilities as it is assumed that a partnership would be developed with a TAFE or similar training institution and the program would be run from their premises free of charge. If this is not possible then additional funding would need to be sought to cover rental and utility costs. No participant training or mentoring costs are included in the budget.

If training costs of \$4,000 per participant (which is similar to those seen in the case studies) and mentoring costs of \$2,750 per participant (which is similar to those seen in the case studies) were added to the GenerationOne VTEC budget then the total cost per participant would be \$12,350 which is very similar to the case study projects which included all components.

Comparison to case studies

The GenerationOne VTEC model shares many of the key features which contribute to the success of the projects operated by the case study organisations. It has a "guaranteed job" as a central plank of its policy, it has committed employers, it provides for mentoring, it would work with JSA providers, it recommends having a work experience entity and it advocates for appropriate pedagogical methods.

The case study projects operate successfully, within existing Australian Government programs, including the Indigenous Employment Program and the Australian Government's national employment services system Job Services Australia. They place Indigenous job seekers into employment. The GenerationOne VTEC model similarly recommends utilising existing Australian Government programs.

¹ The costing is derived from the model proposed by GenerationOne and information provided by them and DEEWR.

In sum, most if not all of what is proposed in the GenerationOne VTEC model is already in operation in the organisations reviewed; all of which are working successfully. However unlike the case study projects, the GenerationOne VTEC model is aimed at providing employees for small to medium enterprises, city based and in a range of sectors/industries.

The case studies were predominately projects for specific employers in specific locations and sectors/industries. For example, the Coles project was targeted for specific retail store locations and the Replay project was specifically for the aged care or the children's services sectors in one state. The FMG project was for FMG and its contractors, in the remote Pilbara in the mining industry. There are as a result significant differences between the FMG VTEC and the GenerationOne VTEC model. In particular, the Generation One VTEC model does not explain how it would manage the provision of a variety of pre-employment industry skills training suitable for the different types of AEC jobs available at any given time.

Though it has many elements in common, the FMG VTEC, operated by a single large employer in a remote region, does not provide "proof of concept" for the GenerationOne VTEC model, which is primarily designed for multiple smaller employers across different industries in an urban setting. The other case study projects also do not support the feasibility of the proposed multiple industries, multiple locations, multiple small to medium sized enterprise component of the GenerationOne VTEC model.

Furthermore it is important that, for the model to become operational, it must be shown how all the elements, including those we have identified as currently unresolved or unclear, will fit together into a comprehensive and cohesive program. Until these issues are addressed, the case cannot be established that a centralised, "bricks and mortar" VTEC covering multiple industries would be more or less expensive or provide better outcomes than the key features demonstrated through the case studies.

Other funding options

As the proposed GenerationOne VTEC model stressed a comprehensive approach to assisting jobs seekers, other Government funding options were investigated including:

- Other skills training programs including: National Workforce Development Fund, Workplace English Language and Literacy Program, Accelerated Australian Apprenticeship Initiative, Australian Apprenticeship Mentoring Program, Experience + Training and the Experience + More Help for Mature Age Workers programs;
- Australian Government programs including Remote Jobs and Communities Program, Department of Families, Housing, Community Services and Indigenous Affairs programs, Department of Health and Ageing Aboriginal and Torres Strait Islander programs; and

- State Government support including funding for traineeships, TAFE training, premises, staffing, transport, accommodation services and health services.

Other funding sources considered include a contribution from industry; however, in the case studies undertaken there was not great enthusiasm for increased employer and industry contribution of resources. Another funding source currently utilised in the case study projects and seen to be part of the proposed GenerationOne VTEC model was JSA providers; especially contributions from the Employment Pathway Fund which has the flexibility to cover important aspects of pre-employment training including mentoring.

Other possible sources of support for contributions of benefit in-kind include:

- Local government;
- Receiving employers;
- DEEWR funded organisations including not for profits;
- Industry bodies;
- Participants;
- Native title claimant group trusts;
- The AEC; and
- Philanthropists.

This showed there is a range of possible funding options. However, most projects do rely on the Indigenous Employment Program. They benefit from the IEP's responsiveness and flexibility and the fact that IEP providers and DEEWR State Officer are willing to work with them to ensure the project meets employers' needs.

1 Introduction

The review

Hugh Watson Consulting Pty Ltd ("the consultants") was engaged by the Department of Education, Employment and Workplace Relations ("the Department") to review and analyse the strategies and methods proposed by GenerationOne for Vocational Training and Employment Centres (VTECs) and compare them to similar projects which are supported by Australian Government programs and services to overcome the issues faced by both employers and Indigenous job seekers and increase Indigenous employment and retention outcomes. A letter of authority for the review was issued by the Minister and is included as Appendix 1.

As the case study project information in this report was provided on an in-confidence basis, this report is not for public release.

Terms of Reference

The terms of reference for the Review were as follows:

- Define and document the proposed GenerationOne VTEC model identifying all its component elements and the outcomes that it aims to deliver and the processes by which delivery would occur.
- Document and critically analyse a range of projects, including Fortescue Metals Group (FMG) VTEC, which:
 - are funded through a variety of government programs and services
 - aim to achieve similar outcomes to the GenerationOne model
 - contain some or all of the components of the GenerationOne model
 - would allow reasonable comparison (to the extent that data will allow) of:
 - the costs of administering the models; and
 - the employment outcomes achieved.
- Examine the funding arrangements and cost estimates for the GenerationOne VTEC model and consider whether there are other funding options for the GenerationOne model which:
 - rely less heavily on the Indigenous Employment Program (IEP)
 - increase industry and employer take-up and contribution of resources
 - make greater use of resources from Job Services Australia (JSA) providers (mainstream programs); and
 - utilise other skills training programs.

2 Methodology

2.1 Overview of the methodology used for the review

A detailed methodology and approach for the conduct of the review was developed. An overview is provided below.

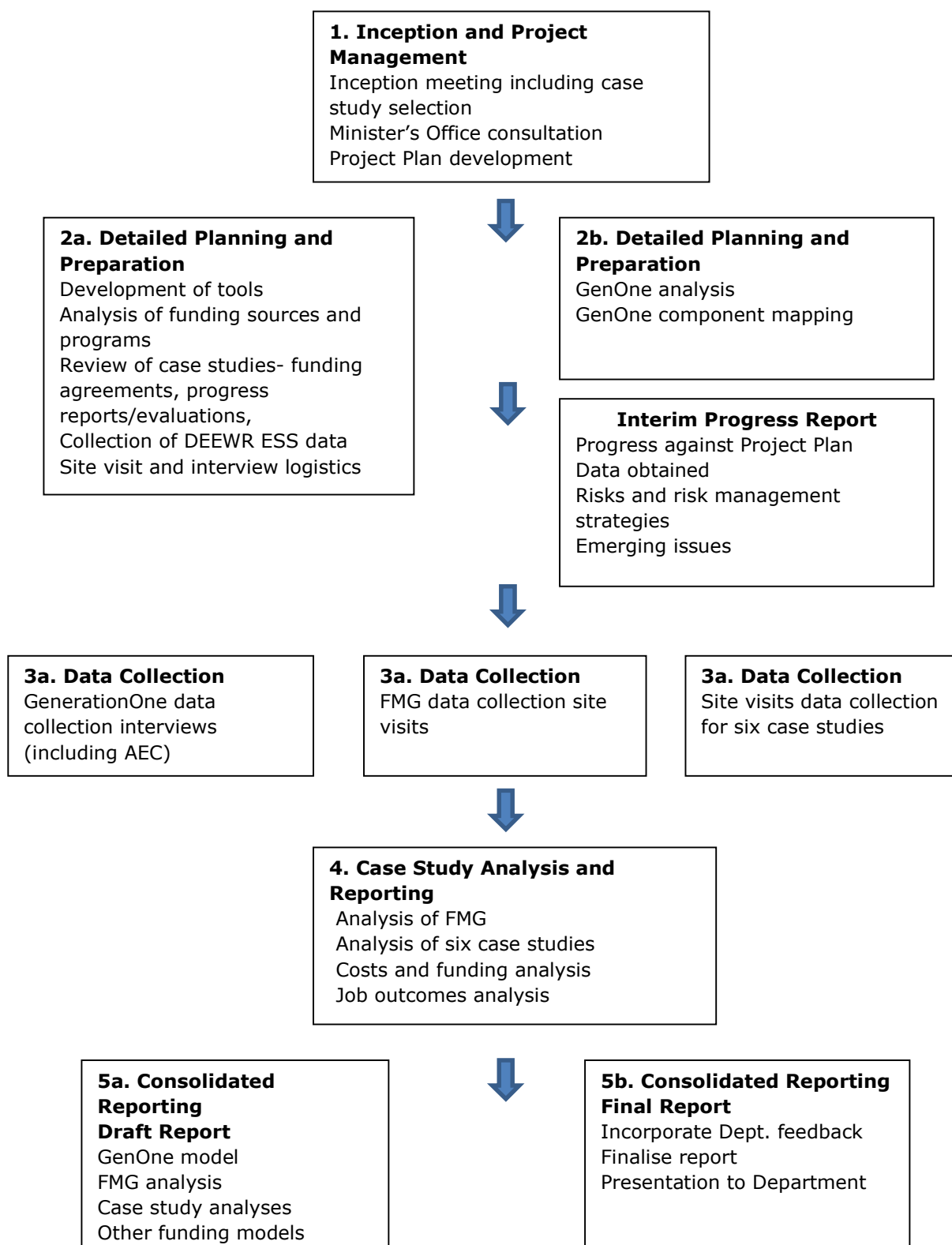


Figure 1: Overview of the methodology

2.2 Detailed methodology

A five stage approach was used. The detailed methodology for each stage is described below.

2.1.1 Stage one – Inception and project management

An inception meeting was held with the Department to confirm the Terms of Reference and select appropriate case studies. The Department then contacted the lead organisations to seek and confirm their participation in the review.

The consultants met with Departmental staff to discuss what data was available for the review. A project plan was then developed and submitted for approval.

2.1.2 Stage two – Detailed planning and preparation

The consultants conducted a more detailed review of the documentation from the Department regarding the proposed GenerationOne VTEC model. Detailed review questions and data collection tools for use during interviews and focus groups were developed.

The Department provided a briefing on other (other than Indigenous Employment Programs) forms of government and non-government funding and programs which are currently available for employment and skills training activities, including the mainstream resources which are available to employers and JSA providers.

Documentation, including funding agreements, regarding the case studies was provided to the consultants and further information was sought from the Department's State Offices.

Site visits for each of the case studies were planned including interviews and appointments.

A draft interim progress report was provided to the Department and following feedback a final interim progress report was delivered.

2.1.3 Stage three - data collection

GenerationOne and the AEC

The consultants met with GenerationOne in Sydney and the AEC in Perth and Sydney. Information was sought on:

- the GenerationOne policy objectives and their opinion on how the current pre-employment and employment training system meets or does not meet these objectives;

- the GenerationOne VTEC model including how it is proposed that each element would operate and how it would interact with existing services;
- what the differences are between the proposed GenerationOne VTEC model and the current FMG VTEC;
- the governance, administrative and financial relationships between FMG, the Australian Children's Trust, the AEC and GenerationOne;
- who/what entity would actually establish the VTEC;
- what would be the timeframe for the roll-out of the VTEC;
- what financial and other contributions are expected from companies that use the VTEC, the Australian Government and State/Territory Governments;
- how would the Australian Children's Trust oversee the establishment of the four VTEC demonstration sites;
- who would decide on which service providers to engage to deliver each program under a service agreement;
- how would the AEC team engage the support of Indigenous communities for the VTEC;
- what would happen to existing providers when the AEC engages AEC employers to use the VTEC for their recruitment needs;
- what data would be collected on VTEC performance and outcomes, including job retention;
- where would the funding come from for the proposed VTEC national implementation team of three senior personnel and their costs, including travel;
- whether the model envisaged that additional Local Employment Co-ordinators (LECs) would be added to existing LECs;
- whether the model envisaged that the proposed VTEC demonstration sites would predominantly work to place stream 3 and 4 job seekers into work or all streams of job seekers;
- whether the model envisaged that job seekers would be assisted until they found a job; and
- by whom and how job readiness would be assessed.

Following both meetings further information was sought from the AEC clarifying aspects of the proposed model and seeking more detailed funding proposals.

Case studies

Seven case studies were undertaken of successful Indigenous employment initiatives that operate in partnership with the Government's Indigenous Employment Program. They were:

- Fortescue Minerals Group VTEC;
- Rio Tinto Indigenous Employment Program;
- Coles Supermarkets Australia Indigenous Employment Program ;

- Group Training Australia National Project for apprenticeships and traineeships;
- The Replay Group - Indigenous Childcare Project;
- The Mining, Energy and Engineering Academy (MEEA)- Construction of the Urban Superway Extension in SA; and
- Yarn'n Pty Ltd's NSW Health Sector projects for training and traineeships.

For each case study information was sought on:

- the overall case study model/project;
- the job seekers and what assistance, training, support and experience was provided;
- key stakeholders: employers, JSA providers, industry skills training providers, pre-vocation training providers;
- what Australian Government and State Government programs were accessed;
- what funding the case study model/project receives;
- the host organisation's and employer's contribution;
- services provided through direct IEP funding and through IEP panel members, JSA, and any services paid for by other Australian Government or State funding;
- the type and value of contributions from the employers and other sources such as TAFE Colleges;
- how the funding is spent;
- who provides the industry skills training and funding for it;
- what activities are undertaken during the pre-employment and employment phase;
- what support services are accessed by participants through the pre-employment phase;
- what ongoing support is there from within the workplace and from outside the workplace such as mentoring or buddy systems;
- how successful the organisation has been in successfully placing participants into employment with employers, including contractors; and
- what has been the longer term employment retention and career progression of the case study model/project participants.

Where possible interviews were conducted with:

- the project managers and other key organisation staff;
- participants;
- Indigenous job seekers;
- pre-vocational training providers;
- job seeker mentors;
- JSA providers; and

- other stakeholders.

2.1.4 Stage four – Case study analysis and reporting

Case study data was analysed to:

- record the process that each organisation utilises to recruit, train and retain Indigenous employees;
- what funding they receive from government programs and services;
- the outcomes they aim to achieve and have achieved; and
- how the components compare to those of the GenerationOne VTEC model.

The case study outcomes were discussed with the Department.

2.1.5 Stage five – Consolidated reporting

The consultants undertook a critical analysis of the GenerationOne VTEC model, the outcomes that it aimed to deliver and the processes by which delivery would occur, and compared it to existing models from the case studies.

Because the components of each case study project were analysed and a framework of key components defined and then used to analyse the GenerationOne model, this report deals first with the case studies and then describes and analyses the GenerationOne model.

They considered what other funding options are available for the GenerationOne VTEC model which rely less heavily on the Indigenous Employment Program; increase industry and employer take-up and contribution of resources; utilise greater use of resources from JSA providers (mainstream programs); and utilise other skills training programs.

A consolidated Draft Report addressing the agreed terms of reference was provided to the Department. Following the Department's feedback the report was presented in final form.

3 Key findings from the case studies

3.1 The case studies

The consultants were required to document and critically analyse a range of Indigenous employment projects, including Fortescue Metals Group (FMG) VTEC, which:

- are funded through a variety of government programs and services;
- aim to achieve similar outcomes to the GenerationOne VTEC model;
- contain some or all of the components of the GenerationOne VTEC model; and
- would allow reasonable comparison (to the extent that data will allow) of:
 - the costs of administering the models; and
 - the employment outcomes achieved.

Seven case studies were selected by the Department and undertaken by the consultants with the following organisations:

- Fortescue Metals Group (FMG)
- Rio Tinto
- Coles Supermarkets Australia
- The Replay Group Pty Ltd
- Mining, Energy and Engineering Academy (MEEA)
- Group Training Australia
- Yarn'n Pty Ltd

A summary of the key elements of each case study is provided below.

3.1.1 Fortescue Metals Group

The Fortescue VTEC ("The VTEC") was established in 2006 in consultation with the Aboriginal community in Port Hedland. A second Indigenous employment program was established at Roebourne in 2010. The VTEC operates for both operations and construction and aims to give a greater focus on local development and training rather than a fly-in-fly-out (FIFO) option. The priorities given to job seekers wishing to enter the program are: firstly Traditional Owners (TOs), secondly local Pilbara Aboriginal people and thirdly other Aboriginal people. The demand is high with two to three times the number of participants needed coming to information sessions.

The key elements of the Indigenous employment program include:

- an extensive recruitment process;
- mentoring for all participants;

- a complementary employment program for those with little or interrupted work experience;
- a driver training program;
- strong relationships with TAFE; and
- a guaranteed job for those who successfully progress through the program.

Four Support Workers generally work on two concurrent programs each with 12 trainees. A recruitment officer is the first point of contact for the program. The officer's role includes conducting assessments of applicants, assisting with resumes, conducting interviews, providing support, sourcing direct employment opportunities, liaising with JSA providers, linking trainees to FMG HR, liaising with Support Workers and responding to calls from all around Australia for jobs with FMG.

VTEC's Driver Training Program provides lessons, theory, court attendance assistance, administrative support and transport (picking up and taking to appointments).

An Aboriginal Health Nurse provides educational health advice and recommendations, referral to appropriate specialist services, interpreting and advising medical results and their implications and organising transport to and from medical appointments.

VTEC Services is a complementary employment program which helps to develop work history and progress through various tasks thus building responsibility and confidence. It provides casual labour and wages while medical or license issues are addressed and direct access to VTEC training courses once issues are resolved.

The Pilbara Institute (previously Pilbara TAFE) at Pundulmurra campus (Hedland) and Karratha campus provide a number of courses for VTEC trainees, those in highest demand being for mobile and fixed plant operators.

3.1.2 Rio Tinto

Since 1996, Rio Tinto Group businesses have signed six major mine development or future act agreements and more than 70 land access and heritage agreements with Aboriginal groups. The Rio Tinto Aboriginal Fund supports Indigenous education, health, sporting and cultural preservation programs throughout Australia, in addition to the programs undertaken by Rio Tinto businesses.

The Work Ready Program began in 2006 with a 12 week program at Tom Price. In 2010 it was increased to 16 weeks with a greater emphasis on life skills as well as the work skills. The program now has two main components: a 20 week pre-employment program and an 18 month rotation program. A key element of

the program is a one week and a further two week block of work experience at a Rio work site. There, participants have the opportunity to experience work first-hand to get to know their supervisors and work mates. Mindful that mining operations can be alien and overwhelming for new employees, Rio Tinto provides training and coaching support in areas such as life skills, safety, industry competencies, technology, communication skills, and shift work requirements, fit for work requirements, fatigue and first aid. All supervisors at Rio Tinto undertake cultural awareness training and buddies and mentors are appointed in each work area. Managers and supervisors are heavily involved in the program.

The aim of the pre-employment program is to enable participants to be able to "safely walk through the gate" into entry level jobs. The program includes OH&S, financial literacy (*My Moola Program*), driver training and social skills. An integral part of the Work Ready Program is the Rio Tinto Indigenous Participation Program (IPP) for those not initially competitive enough to get into the mining sector because of little or no prior work experience, family problems or drug and alcohol problems. The program provides intensive support for trainees including: assisting with court appearances, domestic disputes, legal issues, balancing work and culture and providing crisis accommodation.

Rio Tinto works closely with Centrelink, local JSA providers, the Pilbara TAFE, Joblink, ISS facility services, Aushelp and the Pilbara Driving School. They have agreements with civil and mining contractor Brierty Limited to provide workplace experience and employment opportunities for Indigenous people. The program also utilizes the local Aboriginal Medical Service and Rio Employment Services.

In the most recent Work Ready program 24 began, some were fast-tracked to work at Rio because of their work skills, several left and 16 finished. Of those who finished, 10 will work with Rio and 6 with Rio contractors.

3.1.3 Coles Supermarkets Australia

The Coles Indigenous Employment Program is relatively new. The 'First Step' model is strongly supported at executive and management level. They have six coordinators for the program (five paid for by DEEWR) in NSW, Queensland North, Queensland South, Western Australia, NT and South Australia.

The first element of a Coles First Step Program is to identify stores with management that are keen to participate in a program. This is done by the coordinators working with Coles' regional managers. They then work with JSA providers to select and recruit candidates and appoint mentors. Candidates attend three weeks pre-employment training including one week of work experience and external mentoring is provided for each candidate during and after the program (for 26 weeks). All partners attend a Cultural Diversity session of five hours before team members start in a store and successful candidates are offered permanent part-time positions of at least 15 hours per week.

The training is provided by an external provider who must work with the Indigenous Coordinator to develop a candidate profiling tool, discuss individuals' barriers to employment and learning and agree exiting strategies, assist in sourcing and selecting candidates, facilitate information sessions, accept applications and conduct the program. The mentoring is also provided by an external provider who must provide a supported service to candidates during the pre-employment training and to Brand Team members once employed for a total of 19.5 hours over 26 weeks.

All participants who are accepted on to the two or four week pre-employment program are guaranteed a job in their local area and receive a Certificate I in Retail. In fact programs are only run where there are real vacancies.

There have been 9 programs run to date across the ACT, NSW, QLD and WA with the most recent program being delivered in Sydney. This two week program had 30 Aboriginal participants commence, many of whom had never worked previously. 28 participants completed the program and all 28 were offered a permanent part-time placement on the last day of the program across Coles Supermarkets, Coles Express and Liquorland. In NSW there are now 270 Indigenous team members; 200 employed through direct employment and 70 through First Step. Nationally (in July 2012) there are 900 Indigenous team members.

3.1.4 The Replay Group

The Replay Group is a registered training organization which has had a number of contracts under the IEP to provide work readiness and aged care and children's services industry skills training and placement in a job to Indigenous job seekers. One of the distinctive features of the Replay Group model is that they organize jobs and place Indigenous participants in those jobs at the outset of the program. The employer is required to provide a workplace mentor to assist the Indigenous participant through both their training and their employment. The workplace mentors are given a cross-cultural two day residential program, sometimes concurrent with the pre-employment training for the Indigenous employees/participants.

Once placed in the job the Indigenous participants undertake a three-day accredited pre-employment training course during which time they complete their first aid certificate, the work health and safety competencies and learn about the regulator environment of the aged or child care industry. Following the pre-employment training and some time in the workplace, the participants then begin Certificate III training in either the aged care or children's services industry, comprised of five intensive two and three day residential training sessions over a 26 week period.

The program includes extensive mentoring of participants by Replay, and additional personal support services are organized as necessary and where

possible, funding to cover these is sourced from government programs other than the IEP. An experiential learning approach to the training is taken and emphasis is placed on teaching underpinning knowledge of competencies and on the participant group widening but nevertheless sharing with each other their own "habitus" to assist them in being successful their learning and employment. The program examined in the case study had 88% retention at 13 weeks, 73% graduating (at 26 weeks), and 68% continuing in employment either with their current employer or in the industry for which they are now qualified.

3.1.5 Mining, Energy and Engineering Academy (MEEA)

MEEA is an Adelaide based private, not for profit company, sponsored by the mining, energy and heavy engineering industries that works to attract and develop the current and future workforce needs of the mining, energy and engineering sectors. It has a number of contracts under the IEP to provide work readiness and industry skills training and placement in employment for Indigenous job seekers. The 'Constructing Roads to a Bright Future' Urban Super Way Project (Project) was run by a consortium comprising the MEEA, Globally Make A Difference (GMAD) and Civil Training in collaboration with John Holland Group Pty Ltd (JHG).

JHG committed to employing 30 Indigenous job seekers on the construction of the Urban Superway Extension and required MEEA to recruit, train and mentor potential employees. Indigenous job seekers were required to partake in a ten week pre-employment work-hardening training program prior to being employed on the Urban Superway Extension. Once employed MEEA provided support for the retention of the Indigenous employees through intensive case management and mentoring for a period of two years.

The ten week work hardening program was developed to incorporate both personal development and skill set training. The personal development training aimed to empower and build the self-confidence of participants. It assisted them to review their past, identify any behaviour issues and the triggers for them and adopt coping strategies. The skill set training was sub-contracted to Civil Train who delivered a tailored course resulting in a Certificate II in Civil and Construction and hands on experience working at a live construction training site. The one to one mentoring component, throughout the program and for the first two years of employment, was an essential component to assisting the job seekers. Participants were fitted out with attire suitable for working on construction sites and wore this throughout the course. They were expected to attend every day, on time and a formal disciplinary process was operated.

JSA providers were asked to contribute \$2,500 per participant from their Employment Pathway Fund (EPF), a part payment on registration and the rest at week 7. They were also expected to contribute towards the cost of protective clothing and in some cases travel. The 63% of job seekers who successfully completed the work experience component of the program were offered

permanent employment. Of the 39 job seekers who commenced the program 13 (33%) were still employed by John Holland Group some 14 months later.

3.1.6 Group Training Australia

Group Training Australia Limited (GTA) is the national association representing a network of around 150 group training organisations (GTOs) located throughout metropolitan, regional and remote areas of Australia. Collectively the national network of group training organisations employs around 35,000 apprentices and trainees and over 100,000 businesses have used a group training organisation to manage the employment of their apprentices and trainees.

GTA takes responsibility for winning the Commonwealth contracts, negotiating the terms, deciding on which GTOs will participate and reporting outcomes. GTA sub-contracts those members of the group training network with the requisite skills and experience in Indigenous training, mentoring and employment but also assists them to further develop those capabilities. A program was conducted to assist and educate GTOs in how to best assist Indigenous job seekers through workshops with a session for senior GTO personnel to assist them to develop a business case to engage with Indigenous Australian Apprenticeships.

Participants are employed by GTOs in a wide variety of occupations; however target employment placements under the projects are those in traditional trade industries reported as experiencing skill shortages and placements with enterprises. Training and assistance is tailored to the profile, needs and careers aspirations of each participant. Training includes language, literacy and numeracy assistance; Occupational Health and Safety training, safe use of power and hand tools, workplace communications, work experience/on the job training, enterprise and industry specific instruction. In most instances, accredited training is provided during employment under Australian Apprenticeship arrangements and all participants are supported by mentors for the duration of their involvement in the project.

Each GTO provider has to provide each participant with mentor support from a mentor acceptable to the participant. The mentor support includes on the job support, including assisting participants to familiarise themselves with workplace and industry specific issues, identification of issues that may impact upon a participant's work or training, assisting participants to communicate with their employer, including speaking on behalf of the participant where requested by the participant, assistance and support with personal issues.

The Provider has to promote cross-cultural awareness to the employees and contractors of Employers and Host Organisations where needed, designed to increase staff and contractor awareness of their personal responses to cultural differences; assist staff and contractors to develop an appreciation, knowledge and understanding of the histories, lifestyles, values, beliefs and experiences of Indigenous Australians; and develop and enhance ways of improving staff and

contractor's professional approach to Indigenous Australians in a culturally appropriate, relevant and respectful way within the context of the organisation.

For the two completed contracts with DEEWR GTA nationally has achieved 82% and 88% retention to 13 weeks, 78% and 67% retention to 26 weeks, 53% and 43 % to 52 weeks.

3.1.7 Yarn'n

From its inception in 2007, Yarn'n Pty Ltd, sought to adapt private sector recruitment systems and practices to IEP-funded job training and placement. It has approximately nine employees, five of whom are the principals, and their family members. All but two of the employees are Indigenous. Yarn'n does not perceive itself as geographically constrained in sourcing and placing job seekers, or specialised to employment sectors. Its geographical scope is determined by the extensive personal and community networks of the principals and staff.

Yarn'n is the IEP contractor for most of a series of overlapping IEP activities involving the Sydney area health districts, and the NSW Health RTO. This program of IEP activities grew out of pre-existing relationships. In particular, Yarn'n was funded by DEEWR to prepare the Aboriginal Employment Strategy for the former South West Area Health Services (SWAHS), and then designed its initial IEP activity and wrote the successful funding application. The Health districts around the south west Sydney are the largest health employers in NSW. There is substantial planned growth in hospital capacity in the south west Sydney area. Yarn'n was able to design a program that was acceptable to SWAHS because of their knowledge of government and of how the public service works.

The program comprises four IEP contracts for the recruitment, training and mentoring of participants to gain employment in hospitals across Sydney. Yarn'n is the recruiter and is supplemented by JSAs through the South Sydney Area Health Service.

The key formal features of the model are long-term mentoring during traineeships, cross-cultural awareness training for employers and RTOs, pre-employment/life skills training, formal training mostly Certificate III, followed by traineeships, and some flexibility for ad hoc support, for example, clothing, transport, tutorial assistance.

Yarn'n believes that key factors in the success of the program include the care and effort that goes into the sourcing and preparation of participants and the preparation of employers, complemented by Yarn'n's extensive experience and social capital in the field.

3.2 Key features in the models

There are a number of key features which contribute to the success of the models operated by these organisations. Some are common to many of the case studies and some are individual and address the particular circumstances of the specific case study. All help to explain why these models are successful. These features are:

- the existence of specified jobs for which the program is designed and which are available to the participants either at the outset or once they have successfully completed the program;
- the employers' extensive and committed involvement in the program and cultural awareness training and preparation of the workplace for the inclusion of Indigenous employees;
- engagement with Indigenous community networks, particularly in building participation in the programs
- mentoring being available to the participants both during training and in the work place;
- a comprehensive selection process which identifies committed and suitable participants;
- the support and engagement of the JSA providers;
- the recognition that participants were facing multiple barriers to overcoming unemployment;
- the availability of work experience through alternative employment paths, including intermediate labour market programs, to assist in keeping some participants engaged and employed;
- the provision of transport and training venues and employment locations which are accessible to participants; and
- pedagogical methods being appropriately adapted to meet the needs of the participants.

Each of these factors is discussed below.

3.2.1 A specified job

All of the programs had been developed once specific jobs had been identified and these jobs were available to participants who were able to successfully complete the program, or in one case at the outset of the program. The programs had been specifically designed and tailored so the participants were trained to meet the requirements of the employer and vacancies. This was frequently compared to the "training for training's sake" experiences that some job seekers had undergone, when on completing a course they had found that there were no vacancies requiring the skills they had acquired and they remained unemployed.

For FMG and Rio Tinto participants there was the added attraction of a large salary; anywhere between \$80,000-\$100,000 for those working at mines, ports or on the railways. For graduates of the Coles program there was the attraction of working at a store in your own community and close to home. Replay participants become employees on entering the program with Replay "creating" the jobs by negotiating with the aged care and child care providers to take on Indigenous participants, which the government will pay to train. At MEEA the guaranteed job with the John Holland Group at the end of the training period was essential to attracting and motivating job seekers and gaining the interest, support and financial contribution of the JSA providers. The GTA network actually employs the trainees and apprentices and participants are employed by the GTOs in a wide variety of occupations. At Yarn'n participants are sometimes able to start employment at a very early stage during formal training, which Yarn'n believes is greatly preferable, for reasons of pedagogy and, particularly, motivation.

3.2.2 Employers' involvement and preparation of the workplace

A key aspect of many of the programs was the involvement of employers in the program and a focus on preparing the workplaces for Indigenous employees.

At FMG, Rio Tinto and Coles managers and often supervisors from the intended places of work for the participants came to the programs to meet the participants, often at the beginning to say: "If you complete this program I have a job for you." This was seen as a great incentive for the participants. Coles have arranged for their Cultural Diversity training for store managers and staff to be at the same location as the training for participants so that they get to meet each other during break times and establish relationships and break the ice prior to entering the workplace.

Nearly all the organisations reviewed had programs to prepare the workplaces for Indigenous employees. This was an important aspect because it was often the case that neither the management nor the staff had worked with Indigenous people before. Most programs were designed to provide non-Indigenous employees, supervisors and managers with improved knowledge, understanding and skills to work effectively with Aboriginal and Torres Strait Islander people. Another aim was to be able to relate to their Aboriginal and Torres Strait Islander colleagues, clients and members of the community with dignity and respect.

At Coles all partners attend a Cultural Diversity session of five hours before team members start in a store. From a Queensland University study for Rio Tinto on why there was high Indigenous turnover two factors emerged: the importance of mentors and training leaders in cultural awareness. Rio Tinto responded by providing mentors with more training and support and increasing cultural awareness training for managers and supervisors. At Replay the employer is

required to provide a workplace mentor to assist the Indigenous participant through both their training and their employment. The workplace mentors are given a cross-cultural two day residential program, sometimes concurrent with the pre-employment training for the Indigenous employees/participants.

At GTA, the GTO has to promote cross-cultural awareness to the employees and contractors of Employers and Host Organisations where needed, designed to increase staff and contractor awareness of their personal responses to cultural differences; assist staff and contractors to develop an appreciation, knowledge and understanding of the histories, lifestyles, values, beliefs and experiences of Indigenous Australians; and develop and enhance ways of improving staff and contractor's professional approach to Indigenous Australians in a culturally appropriate, relevant and respectful way within the context of the organisation. From the outset Yarn'n provided cross-cultural and employer-readiness training for employers. From experience they have learned there is value in also providing such training to RTO instructors, and in some cases to the participants themselves.

3.2.3 Engagement with Indigenous community networks

While strategies for engagement with indigenous community networks varied from location to location in the various case study projects, most used links through Indigenous staff or employment services into the local Indigenous communities in order to foster awareness of the available training and employment opportunities. For several of the case study projects, word of mouth recommendations from past participants led to other members of their families or communities participating in later cohorts of the programs.

Local Indigenous community networks were also used in the development of some of the programs, particularly where the mining companies already had established relationships with Land councils and local community councils as part of their mining operations.

Community networks were also used to assist in identifying and accessing appropriate support services for participants who faced multiple barriers to employment and education.

3.2.4 Mentoring

Mentoring being available to the participants during the program and once employment had begun was the strongest common element in all the programs reviewed. It was repeatedly mentioned as the factor that most contributed to the success of programs. Mentors generally worked with participants throughout the training and once participants had gained employment. They can make the difference when, as described in the Replay case study, participants get "the wobbles" in relation to this new world of work.

At FMG four Support Workers generally work on two concurrent programs each with 12 trainees whom they mentor during the program which can be of 2, 6 or 13 weeks or combinations of those. They liaise with the workplace Indigenous coordinators and maintain contact with participants after they are placed in jobs. Rio Tinto has Indigenous mentors at every work site. At Coles the mentoring is delivered by an external provider who must provide a supported service to candidates during the pre-employment training and to Brand Team members once employed for a total of 19.5 hours per participants over 26 weeks. On the MEEA Urban Super Highway project the one to one mentoring component, throughout the program and for the first two years of employment, was an essential component in assisting the job seekers. MEEA received IEP funding to provide a mentor to the John Holland workplace for the first two years.

At GTA each GTO provider has to provide each participant with mentor support from a mentor acceptable to the participant. The mentor support includes on the job support, including assisting participants to familiarise themselves with workplace and industry specific issues, identification of issues that may impact upon a participant's work or training, assisting participants to communicate with their employer, including speaking on behalf of the participant where requested by the participant, assistance and support with personal issues.

Replay provides intensive mentoring to each participant throughout their traineeship. The Program Manager contacts the trainee and their employer on a fortnightly basis to monitor their progress in the workplace as well as to ensure they are working their required hours. The Program Manager works through any issues with the trainee and/or the employer and may sometimes pull in external expertise when required. Replay has identified through its research on participants over time that the participants have three major 'wobbles' in their journey to sustainable employment and a qualification. Nearly every participant has a 'wobble' the beginning of their journey on the program and a huge amount of assurance and hand holding is necessary by both Replay and the trained employer's workplace mentor.

Half-way through the program another 'wobble' occurs. External barriers come to the fore front as the 'wobble' usually includes partners or family as the participants start to question their "habitus" and look at learning from a higher, transformative level. They begin to see the possibility of financial independence, something many have never contemplated, but in turn this threatens many partners.

Towards the end of the program another significant 'wobble' occurs. Although most participants have by this stage progressed competently through the program, towards the end they appear not to be able to accept that they are going to be successful. The internal barriers kick in and many find it hard to submit their final assignment. It appears non-submission is the preferred alternative to having work deemed 'not yet competent'. The mentoring program

is therefore an essential element in assisting participants through these "wobbles".

Mentoring is a formal component of the Yarn'n health traineeship programs, from the commencement of the traineeship for at least one year. In general, participants are entitled to six face-to-face mentoring sessions and twelve other sessions.

3.2.5 Comprehensive selection process

A comprehensive selection process which identifies committed and suitable participants was a key feature of most training programs. There were differences in the way that the different organisations selected participants for their training programs. Most relied on JSA providers to refer candidates although there was also some direct recruitment into programs. In most cases the organisations conducted further assessment and screening of candidates for placement into jobs.

FMG's selection and recruitment process has two aims: recruiting people for programs and placing people directly into employment. At the time of recruitment, applicants are placed on to a database: the two week course for those with work experience, the six week course for those with little experience, and driver training for those without a license (or those who have lost it). The role of the recruitment officer is being the first point of contact for the Program, conducting assessments of applicants, assisting with resumes, conducting interviews, providing support, sourcing direct employment opportunities, liaising with JSA providers, linking trainees to FMG HR, liaising with Support Workers and responding to calls from all around Australia for jobs with FMG. The selection process includes the Support Workers who in many cases know the candidates and their backgrounds.

At FMG there is also a medical assessment and 50% of applicants fail their pre-employment medicals often because of drug (particularly cannabis) and alcohol problems; they go into specific support programs to address these problems. Poorly controlled diabetes is another problem as sufferers cannot drive trucks, so they are given assistance to bring it under control in collaboration with the Aboriginal Medical Service. Overweight applicants (more than 120 kg) cannot operate equipment and so are assisted to lose weight through working with VTEC Services and joining a gym.

At Rio Tinto the program is advertised and generally they receive twice the number of applicants they need for the program (40 for 20 places). Interviews tend to demonstrate whether applicants really want a job or are just there because they were told to come by Centrelink or a JSA provider.

Replay screens all potential participants, firstly for eligibility and aptitude and secondly for suitability and interest. Replay also seeks the support of each

participant's JSA provider for them to undertake its IEP. After the initial two screening interviews, all participants are required to attend an interview with the prospective employer. These are organised by Replay. Prior to this interview, each participant is coached by Replay's Recruitment Team in interviewing and presentational skills. Replay also works in partnership with the JSA provider for each job to ensure the participation requirements are met as well as coordinating interview clothes.

Yarn'n screens all participants, and indeed sources many of them through their community and organizational networks. Their emphasis is on identifying participants who are genuinely suited to the training and the job. They also believe it is extremely important to spend time with the employer, to build an understanding of the requirements of the role, the employer's culture and work practices.

3.2.6 JSA support and relationship

Strong relationships with JSA providers are key to the success of these models. JSA providers are the source of participants for the most part and also a source of access to EPF funding to support participants. JSA providers are able to use the EPF flexibly and for a wide range of goods and services based on the individual's needs and vocational and non-vocational barriers to employment. JSA providers take into account a range of factors in assessing how to use the EPF (a JSA provider must take into consideration, amongst other things, the job seeker's individual circumstances and barriers to employment, the total pool of funds they have available and the needs of all job seekers on their caseload). The amount of EPF credits received by a JSA provider for each registered job seeker is commensurate with their level of disadvantage and other requirements, for example if they live in a remote employment service area. There is no stipulation that a credit given for a particular job seeker must be spent on that individual and can be used flexibly to provide services to any job seeker or group of job seekers. How the EPF is spent is at the discretion of the JSA provider. Some of the types of assistance which may be purchased for job seekers under the EPF could include, but is not limited to:

- training courses;
- work related clothing and safety equipment;
- short term travel costs;
- relocation costs to commence in employment; and
- other personal support services.

Early engagement with the JSA providers is essential as they do not respond well to companies seeking payment for services, training or equipment that has not been previously agreed.

At the MEEA project, the project manager kept in regular contact with the JSA providers providing up to date attendance sheets and raising awareness of

issues and additional support requirements. JSA providers consulted as part of the case study reported that the program had been extremely successful for their registered job seekers and the outcomes had been significant compared to those usually achieved. The JSA Manager emphasized the need for programs to have a guaranteed job at the end of the training period. She is willing to invest in programs that have a guaranteed job and is prepared to invest substantially to achieve the right outcome for the job seeker. She considered that programs also needed a mentoring component as there are too many influences in many Indigenous job seekers lives which prevent them from obtaining and retaining employment. JSA resources do not allow for the level of input that is required in some cases. Relationships need to be established and trust built up before the real issues can be identified and begin to be addressed.

Coles relies on JSA providers to deliver candidates for each new program in a region. They have a policy of allowing any JSA provider that wishes to provide candidates to do so.

At Rio Tinto there is a difference between the approach taken in Roebourne to that taken in Carnarvon, Broome and Meekatharra. For the last three locations Rio Tinto insists that the JSA providers do most of the work, namely, providing candidates who meet the minimum criteria of literacy, being drug free and having a driver's licence. At Roebourne, Rio Tinto has a more intensive program that (in their words) exceeds what a JSA provider is able to do. Rio Tinto encourages the relationships with JSA providers. Funding of medical costs (and other costs such as uniforms) can come from the EPF through JSA providers as long as the JSA providers have agreed beforehand.

Yarn'n's experience in sourcing EPF funds is sometimes one of frustration; the best results are achieved when a long-term relationship is built with a JSA provider, usually individual to individual. They describe some of their stream 3 and 4 participants long term unemployed participants as estranged from their JSA providers.

3.2.7 Recognition of multiple barriers

All program providers recognized that participants faced numerous barriers to overcoming unemployment. These included:

- Health and addiction issues
- Housing and accommodation
- Legal and justice issues
- Domestic violence and relationships
- Lack of role models and support
- Literacy and numeracy
- Anger management
- Driving licence issues.

Most programs included strategies for identifying and addressing these barriers. The extent to which these were focussed upon and effort made by the service provider to provide assistance to address these varied between the programs. Most did this through referral to existing specialist services. Some program providers would make appointments for participants, transport and accompany them to the appointments.

3.2.8 Work experience through alternative employment paths to assist participants and keep them engaged and in employment

A number of the models recognised that some job seekers may not have extensive work experience and/or may have personal or health issues that have to be addressed before they can begin a job. They have therefore established complementary programs where participants can obtain some work experience and the personal discipline that comes with that and where necessary address personal and health issues.

An integral part of the Rio Tinto Work Ready Program is the Indigenous Participation Program (IPP) for those not initially competitive enough to get into the mining sector because of little or no prior work experience, family problems or drug and alcohol problems. Participants in the IPP can remain on the program for up to a year. They are on a fixed term contract of 40 hours a week, a salary of \$38,400 plus rent assistance (total package of between \$70,000 and \$80,000). This is paid by Rio Tinto.

The program provides intensive support for trainees including:

- Assisting with court appearances;
- Assisting with domestic disputes;
- Providing crisis accommodation;
- Assisting with legal issues; and
- Assisting with balancing work and culture.

A separate driving program is a central element as lack of (or loss of) a licence is one of the greatest barriers for Indigenous people seeking work in mining.

At FMG VTEC Services helps to develop work history and progress through various tasks thus building responsibility and confidence. It provides casual labour wages while medical or license issues are addressed and direct access to VTEC training courses once issues are resolved. For those with significant literacy, medical or work history issues a 13 week program is offered. Those who fail the drug test are placed in a program with VTEC Services and are tested fortnightly. If the tests show that the drug levels are reducing the job seeker is encouraged to stay on. If, on the other hand, the drug levels do not reduce after

six weeks they sign a contract to address this and if after three months the person shows no sign of wanting to reduce it they generally leave the program. Those with other medical problems such as diabetes or overweight are given assistance through the Aboriginal Medical Service (AMS) to address these conditions. Overall the FMG VTEC Health Program is seen as valuable to the community because it can pick up undiagnosed health conditions, it is leading to employment and it works closely with the local community.

The 13 week program offers various options for participants. They can undertake the 13 weeks plus 6 weeks plus 2 weeks if they want to be a mobile plant operator but they can go straight to a labouring job at the port after 13 weeks. They can also go to VTEC Services to obtain work experience and enter the 13 week program at the same time. Others can stay in VTEC Services and then take basic labouring jobs. The 13 week course is currently under review to try new methods of learning. The VTEC can run up to six 13 week programs each year for up to 12 job seekers and has a completion rate of 95% according to FMG.

Coles also have a Work for Life Program (mostly funded by IEP) operating in Cairns which is similar to the VTEC proposal. It came about through the drive of a local person who saw the need for people who had limited job skills and the potential if Coles could offer guaranteed jobs. It took two years' effort to bring it together. It has the following components:

- six weeks training;
- housing and accommodation provided for participants and their families;
- four organisations working together in a community centre;
- a teacher/trainer to assess candidates;
- a JSA provider to identify candidates;
- an assessment tool that takes two hours to administer;
- guaranteed jobs at the end of the program; and
- a full-time Coles' person working on the program (paid for by Coles).

To date 27 (100%) have graduated from the program.

3.2.9 Location and transport

The provision of transport and training venues and employment locations which are accessible to participants is another key element. The models reviewed recognised that most Indigenous workers have a close relationship with their family and their community. Engagement with the community was therefore important as was the provision of training and work at a transport-accessible location. This factor also recognises that a long or difficult journey to training or employment often can act as a disincentive for participation.

Coles ran information sessions for local Indigenous community groups and JSA providers in NSW. It was evident that participants wanted to work in stores close

to their home, particularly for night shifts, and so working with local groups was a necessity. All participants who are accepted on to the two or four week pre-employment program are guaranteed a job in their local area.

At Replay, in matching Indigenous participants with an employer and a job, they try to make sure that the participant can get to work within 30 minutes maximum. They also try to make sure that some form of transport is feasible as their experience has been that if this part of the job arrangement is not taken care of, the journey to work will be as substantial barrier in sustaining employment. As much as possible they try to locate employment that the participant will be able to get to work independently, rather than having to rely on lifts with other members of the family. Sometimes it has been as simple as getting a bike for the participant to ride to work.

FMG and Rio Tinto have located their training programs with the TAFEs in Hedland and Roebourne. They also provide transport for participants to get to training and transport to work once they begin at the mine site, on the railway or at the port. They also maintain strong relationships with the local Indigenous communities through their support workers and mentors who are drawn from those communities.

At times Yarn'n supports candidates financially where support is not forthcoming from JSA providers, for example for clothing, transport or fines. The amounts of money required are usually not large, but the candidates often have nothing.

3.2.10 Adapted pedagogical methods

In most cases pedagogical methods were appropriately adapted to meet the needs of the participants. The training providers have often had to adapt their pedagogical methods to engage the participants in learning. It was mentioned in Roebourne that the quickest way to lose trainees was to say: "open your textbooks" because of their previous school experiences.

Replay chose to lean heavily on educational theory in order to develop a Program which could lead to lasting success for its participants. The program is seated in the theory of experiential learning and the program is structured to optimise the transfer of learning to the workplace and the experience of the workplace to come back into the classroom.

Yarn'n regards pedagogical adaptation as very important to success. The close relationship between the NSW RTO and the health service has been conducive to some flexibility and willingness to experiment. The early stages of training are crucial. Pre-employment and work/life skills components must be tailored to the life circumstances of the participants. Cultural-awareness training has been found to be valuable to many participants, especially those who are disengaged or isolated from their communities and heritage. Their pre-employment programs include a significant component of assistance in reconnecting to

Indigenous heritage and culture, presented in a way that segues naturally into practical job-seeking skills training. Yarn'n has also found that cultural-awareness development is very valuable for the RTO trainers.

FMG are looking at alternative ways of teaching literacy including the use of iPads for videoing work sites with commentary and then working on a short film and the consequent language from that film.

3.3 Variable features of the models

There are a number of variable features between the models which mostly relate to the specific circumstances of the individual model; often driven by the industry they are in and the subsequent skill needs required. These include the following and are discussed in more detail below:

- the length of the program;
- the level of financial contribution by the employer;
- the extent of mentoring provided to participants;
- the time point at which the participant is placed in a job;
- the inclusion of an on the job work experience component in the program; and
- the entity type of the program provider.

3.3.1 Length of program

There is considerable variation in the length of the programs.

At Replay each trainee undertakes accredited pre-employment training prior to them commencing into employment. This is a 3 day program. During this training, the participant completes their first aid certificate, the Work Health and Safety competencies and learns the regulations that govern their aged or child care industry. Each Indigenous participant attends five intensive, 2 and 3 day residential training sessions which run monthly over a 26 week period to coincide with the learning they are receiving on the job. The aim with each participant is for early completion of their Certificate III qualification so that they start earning qualified wages as soon as possible and reduce their Centrelink benefits.

The Coles program runs for three weeks with the middle week spent on the job. Mentoring is provided by an external provider for 26 weeks.

Yarn'n have a pre-employment course of up to seven weeks, and in most cases IEP-funded mentoring by Yarn'n continues for a period of up to a year.

The FMG program has different lengths depending on the participant:

- two weeks for those who have strong work experience in a different area or with similar work: one week of preparation for employment including financial literacy and one week of working with machinery;
- for those with little work experience, some literacy skills, or who may have failed the medical a six week program for people is offered. The six week program comprises three weeks of soft skills and three weeks of industry-related skills; and
- for those with more significant literacy, medical or work history issues a 13 week program is offered.

The Rio Tinto program runs for up to 20 weeks including three weeks of work experience. This is followed by an 18 month rotation through three work placements. They also conduct the Indigenous Participation Program (IPP) for those not initially competitive enough to get into the mining sector because of little or no prior work experience, family problems or drug and alcohol problems. Participants in the IPP can remain on the program for up to a year.

The MEEA ten week work hardening program is 10 weeks in length and was developed to incorporate both personal development and skill set training in collaboration with JHG. The delivery of personal development training was sub-contracted to GMAD. The personal development training aimed to empower and build the self-confidence of participants. It assisted them to review their past, identify any behaviour issues and the triggers for them and adopt coping strategies.

The Yarn'n program, with its four contracts, comprises several variations of the same pattern. There is pre-employment training of 1 to 7 weeks, vocational certificate training, mostly at Certificate III level, and under two of the contracts, traineeship of one to two years.

3.3.2 Financial contribution by the Employer

There was variation in the level of financial contribution made by the employer to the program.

Both FMG and Rio Tinto made significant (in excess of 25% of total costs) financial contribution to their own programs and are highlighted in the funding table provided and discussed in section 3.5. Whereas a review of the MEEA program funding did not identify there to be any financial contribution from the John Holland Group.

3.3.3 Time point at which participants are placed in a job

On some programs the participants are placed in a job from the start with training provided along the way. In others it is at the end of a training course.

At Replay participants begin work immediately after the three day accredited pre-employment training.

The last three weeks of the 10 week MEEA training program was spent on the job working as JHG casual employees. Participants were employed as casual labour and paid an hourly rate slightly above the usual standard rate.

At both FMG and Rio Tinto participants are placed in a job at the conclusion of the program; although there is three weeks of work experience at Rio Tinto as part of the program.

At GTA participants were assisted over the project and provided with accredited and non-accredited on the job training with participants employed by selected organisations within the group training network and subsequently placed with host employers.

At Yarn'n the objective is to commence employment or a traineeship as early as practicable after, or sometimes during, the pre-employment training component. Their largest IEP activities involve traineeships of about a year.

3.3.4 Payment of participants

Some participants received income during the program others were not paid as part of the program but continued to receive any Centrelink entitlements.

FMG participants received training wages of \$50 per day during the six week training course. MEEA participants received full payment at a casual rate during the work experience component of the training course. Replay participants were employed from day one of the program and received wages at childcare award rates. Some of the Replay participants were on traineeships through their employers.

3.3.5 Involvement of local Indigenous community

The level of involvement in the programs by the local indigenous community varied. In city locations there tended to be less involvement probably due to there being more numerous communities than in the more remote locations. Although in nearly all locations the marketing of the programs tended to be via "word of mouth" within the indigenous communities and networks rather than through more standard formal channels and mechanisms.

Many of the program provider employees were from the local indigenous communities. This was particularly the case in the more remote locations where

FMG and Rio Tinto operated. This connection and knowledge was essential for the successful operation of the programs in these locations.

3.3.6 Entity type of program provider

The entity type of program provider for the models varied in that some were employers who were running programs to train and recruit employees for their own business, others were program providers running programs on behalf of specific employers or employers from a particular sector. Coles, FMG and Rio Tinto conduct programs to train and recruit employees for their own business; although Rio Tinto are also comfortable if graduates from the program choose to find work with another employer.

Similarly, the MEEA program was specifically for subsequent employment with John Holland. MEEA are an industry association which runs programs to assist employers in its sector to address workforce issues.

GTA recruit initially for their own training network and then subsequently with host employers. Some of the GTOs are JSA providers and some are RTOs and some are both JSA provider and RTO.

Replay is a private company and Registered Training Organisation, and develops training programs for a range of companies in the same industry.

Yarn'n is a private, for-profit company. The South West Sydney Health program of IEP activities is a partnership principally between Yarn'n, the NSW RTO and the South West Sydney Local Health District.

3.3.7 On the job experience with employer

Some programs involved an element of on the job work experience which provided the participant with the opportunity to assess whether they were suited to the job and gave the employer the opportunity to assess whether the participant met the required standard.

Coles provides a week of on the job experience as part of their three week program while Rio Tinto provides three weeks as part of their 20 week program. FMG do not have on the job experience as part of their two or six week programs, although it can be an element of their 13 week program through VTEC services (though not in mining).

As noted above, in the MEEA program last three weeks of the training program was spent on the job working as JHG casual employees. Participants were employed as casual labour and paid an hourly rate slightly above the usual standard rate.

3.4 The cost of the case study projects

The consultants considered the cost of each of the programs. In most cases these costs have been derived from the IEP funding agreements and the original proposals submitted to the Department and consider only those costs funded by DEEWR through the IEP program. Where the case study project providers ran IEP projects under numerous contracts the consultants' financial analysis has focused on the contracts identified by the Department.

In the case studies of the MEEA, Replay Group and FMG programs additional information was provided by the program providers giving more details of program costs including those funded by sources other than the DEEWR IEP program.

Thus the costing undertaken by the consultants was informed by both Departmental information and information provided by the case study project providers. For confidentiality reasons the individual organisation costs are not provided in this report.

The table below provides information about each of the projects.

Table 2: The case study programs

| Organisation/program | Coles Supermarkets Australia (777097) | Yarn'n and NSW Health (5862867) | Yarn'n and NSW Health (4508277) | The Replay Group - Indigenous Childcare Project (14033060) | MEEA-Construction of the Urban Superway Extension (950 5117) | Group Training Australia-National Project | Fortescue Metals Group | Rio Tinto (692564) |
|------------------------|--|---|---------------------------------|---|---|---|---|--|
| Description | Pre-employment training programs preparation for employment opportunities within Coles Supermarket | A 5 day preparation program and comprehensive cultural, professional and clinical support to participants undertaking the Certificate III in Health Services Assistance. Successful graduates are placed into Assistant in Nursing (Acute Care) positions in hospitals across Sydney. | | 26 week program supporting participants to work in the child care sector whilst undertaking their Certificate III qualification | JHG committed to employing 30 Indigenous job seekers on the construction of the Urban Superway Extension and required MEEA to recruit, train and mentor potential employees | Placement of trainees for 52 weeks including mentoring support and cultural awareness | Pre-employment training programs preparation for employment opportunities with FMG in the Pilbara | Pre-employment training programs preparation for employment opportunities with Rio Tinto and Rio Tinto contractors |
| Number of participants | 200 - direct employment participants 1- Cert III trainee | 20 | 20 | 60 | 39 | 113 | 200 | 10 Apprenticeships, 100 traineeships and 214 general employment places |
| Training component | 3 week pre-employment program including one week work experience includes Cert I retail | 5 day preparation. Cert III Health services assistant 26 weeks. | Not part of this contract | 5 intensive, 2 and 3 day residential training sessions which run monthly over a 26 week period | 10 weeks work preparation and work skills Cert II Civil and construction | All 113 were trainees in part or fulltime work for up to 52 weeks. Cross- | Life skills 2 weeks Preparation skills 3 weeks Specific workplace 13 weeks Cert II,III,or | Pre-employment 20 week program |

| Organisation/program | Coles Supermarkets Australia (777097) | Yarn'n and NSW Health (5862867) | Yarn'n and NSW Health (4508277) | The Replay Group - Indigenous Childcare Project (14033060) | MEEA-Construction of the Urban Superway Extension (950 5117) | Group Training Australia-National Project | Fortescue Metals Group | Rio Tinto (692564) |
|------------------------------|--|--|--|--|---|---|---|---|
| | | | | to coincide with learning on the job. Cert III qualification. | | cultural awareness training for host employers. | IV | |
| Mentoring component | 19.5 hours per participant over the 26 weeks | 18 sessions (6 face to face) per participant | Provision of mentoring and cultural support whilst participants complete Cert III Health services assistant with NSW Health as the RTO | Each employer has a workplace learning mentor. Each trainer provides a minimum of 20 hours of face-to-face mentoring support each month to trainee group | Provided by MEEA for 2 years. Significant component of the program. | 12 months included during program | Included during program with further FMG-paid assistance in the workplace | Included during program with further Rio Tinto-paid assistance in the workplace |
| Cultural awareness component | All partners attend a Cultural Diversity session of 5 hours before team members start in a store | Not part of program | Not part of program | Mentor attends 2 day residential cultural awareness training | Included | Included for all participating GTOs | Not part of this contract (Funded by FMG) | Not part of this contract (Funded separately by Rio Tinto) |

| Organisation/program | Coles Supermarkets Australia (777097) | Yarn'n and NSW Health (5862867) | Yarn'n and NSW Health (4508277) | The Replay Group - Indigenous Childcare Project (14033060) | MEEA-Construction of the Urban Superway Extension (950 5117) | Group Training Australia-National Project | Fortescue Metals Group | Rio Tinto (692564) |
|----------------------|---------------------------------------|---------------------------------|---------------------------------|--|--|---|------------------------|--------------------|
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The cost per participant for the case study programs varies between \$2,652 and \$13,302, with those programs which included all the components of pre-employment and skills training, mentoring and cultural awareness training for the workplace costing \$11,500 plus.

Mentoring was a significant component of many of the programs and where possible the consultants have identified the mentoring cost per participant. These ranged from \$1,860 per participant for Yarn'n participants who received 18 sessions (6 face to face) each during the 26 week program to \$6,060 each for MEEA participants who received individual mentoring both during the pre-employment 10 week program and during the first 2 years of employment.

The cost of cultural awareness training for the workplace was also identified where possible and ranged from \$115 in the MEEA program to \$425 per participant in the Replay Group program where each employer had a workplace learning mentor who attended 2 day residential cultural awareness training.

A detailed costing was obtained of the Rio Tinto program. However this has not been used to inform the overall analysis of costs as this particular program operates in a remote region – West Pilbara. It has not been possible to identify the specific additional costs associated with operating in such a region from the standard costs of running a program in non-remote areas.

3.5 The funding of the case study programs

As indicated in the previous section many of the case study programs attract funding or benefits in kind in addition to the IEP program funding received from DEEWR and/or program providers self-fund some of the expense. The sources of that funding or benefits include the JSA program, State Governments, TAFE, program providers themselves and employers.

Employers contributed employee time and know-how/expertise, travel expenses, cultural awareness training and they conducted information sessions. Indigenous community leaders provided input to program development. TAFEs contributed the use of infrastructure and or equipment either free of charge or at a below market rate. Program providers contributed program management to the program, staff time and the use of infrastructure and equipment.

3.6 Quantitative data regarding participants and outcomes

The Department supplied quantitative data from the IEP and JSA information management systems.

- the data covered 1170 individual participants. The great majority of these participated once in one of 21 IEP activities (contracts).

- the nature of the MEEA contract was such that no individual data was generated; and
- some of the IEP activities for which data was provided are not complete, and some may not yet have completed recruitment.

The data that has been provided is taken from systems whose primary purpose is the administration of government employment programs². It is not designed for the purpose of rigorous statistical comparison of programs. For example, the rules for determining if and when a participant joins or leaves JSA caseload, and for determining when 13 and 26 week outcomes are recorded, are necessarily very complex and involve expert judgment. Furthermore, the data sets do not contain information that directly links outcomes to participation in a particular IEP activity. Without examination of individual case files and other records, a method beyond the scope of this review, it would not be possible to take the first steps toward statistical analysis of the relationship between IEP participation and employment outcomes.

Demographic data is only available for those participants who were registered with JSA providers in the time window for which data was extracted, and these account for only about one third of the total number of participants. Outcome data is only available for an even smaller subset of participants. In part, this is because a number of the IEP activities have some time to run, so no or incomplete data is available about their participants. While the available data hints at the diversity of the programs under review there is no way of knowing whether it is representative. It is not possible, therefore, to draw reliable conclusions about the populations of participants or make comparisons of the participant outcomes from these programs.

The consultants have therefore utilized data from DEEWR State offices to report on outcomes for each of the projects reviewed.

² It is important to note that The Department publishes comprehensive statistical reports on the aggregate outcomes of its programs, including IEP and JSA. The most recent *Labour Market Assistance Outcomes* report is available here: <http://www.deewr.gov.au/employment/researchstatistics/progeval/pages/lmaoutcomes.aspx>

4 The proposed GenerationOne VTEC model

The terms of reference required the consultants to define and document the proposed GenerationOne VTEC model identifying all its component elements and the outcomes that it aims to deliver and the processes by which delivery would occur.

4.1 Governance

The Australian Children's Trust (ACT) is the Forrest family's foundation and was established by Nicola and Andrew Forrest in 2001 with the aim of assisting underprivileged children and addressing the needs of youth.

In July 2012 it had two divisions:

- The Australian Employment Covenant (AEC) - the implementation and service delivery arm; and
- GenerationOne - the policy, advocacy and promotions arm

Australian Children's Trust Pty Ltd is a trustee for the Australian Children's Trust trading as GenerationOne. We understand that it is intended that the Australian Children's Trust would be the signatory to any agreements with the Australian and State Governments and other organisations such as JSA providers.

According to GenerationOne both the AEC and GenerationOne are now (July 2012) 100% privately funded.

4.1.1 The Australian Employment Covenant

The AEC is headquartered and co-located with the ACT in Dalkeith, Perth. It has a staff of 16, the senior officers in July 2012 were:

- Rhonda Parker , CEO
- Matthew O'Sullivan, National Manager.

The CEO reports to the Board of the Australian Children's Trust, headed by Budd Scruggs.

The AEC is a national industry-led initiative established to help close the gap between Indigenous and non-Indigenous Australians in employment and employment opportunities. The Covenant was executed by the Australian Government and The Employment Covenant Pty Ltd on 30 October 2008 and can be seen at Appendix 2.

The Covenant is a three way commitment that involves:

- **Employers** formally guaranteeing job ready and training ready Indigenous Australians employment, industry specific training, support and individualised mentor support;
- the **Australian Government**, through employment services supporting the recruitment of Indigenous Job Seekers and supporting pre-employment training tailored to the specifications of employers resulting in sustainable employment; and
- **Indigenous people** committing to accept and remain in employment once trained.

According to the Government's fact sheet³ the Australian Employment Covenant Executive, under the directions of its Steering Committee, would:

- provide the leadership and the facilitation to drive the collaborative efforts of industry, Indigenous leaders and Government in an aspiration to secure 50,000 sustainable jobs filled by Indigenous Australians;
- ensure covenanted employers formally guarantee to provide sustainable employment for Indigenous Australians on successful completion of pre-employment training. This guarantee includes access to post-placement and individual mentor support through mentoring in the workplace; and
- encourage employer workplace culture and practices directed at improving the recruitment, retention and development of participants. The AEC Executive will, through a network of patrons and champions at national, state and regional levels, support employers at all levels in the nation's economy.

Under the original agreement with DEEWR, the AEC was required to raise awareness of the AEC and to sign AEC Employers to the AEC to ensure that 50,000 AEC job commitments were achieved, use its best endeavours to achieve the number of employment places, ensure that eligible persons were selected and employed as participants and provide to DEEWR reports and forms.

The AEC agreed to assist AEC Employers to employ participants in full-time employment or part-time employment. The AEC was required to use its best endeavours to ensure that each participant is employed by the relevant AEC employer under an industry award, ratified enterprise agreement or registered employer/employee agreement that complies with the minimum standards under the law for the duration of the employment and the AEC had to encourage AEC employers to continue to employ AEC Participants beyond the 26 week outcome period.

The maximum funding available under the funding deed was: \$20,212,500 (inclusive of GST). This comprised:

- establishment funding \$3,300,000 (inclusive of GST); and

³ Australian Government Fact Sheet—The Australian Employment Covenant

- maximum outcome payments of \$16,912,500 (inclusive of GST).

The AEC job commitments table and payments can be seen at Appendix 5.

The establishment funding comprised:

- employer engagement and stakeholder engagement: \$2,750,000;
- website maintenance and development of AEC learning portal: \$110,000;
- communications: \$330,000; and
- development and submission of P-plater initiative proposal: \$110,000.

4.1.2 GenerationOne

GenerationOne was established by the AEC to ramp up the campaign for the Covenant. It is responsible for developing and raising public awareness. Its name reflects its belief that it can end disparity in unemployment levels in one generation by employment and changing the pathway that leads you there.

It is headquartered in Redfern, Sydney and in July 2012 had the following structure:

- Warren Mundine – CEO;
- Tania Major – Spokesperson;
- Jeremy Donovan – Spokesperson;
- Kerry Pinkstone - Director Policy and Research;
- Kyra Kum-Sing – Campaigner;
- Johanna Kerin - Media Officer;
- Vicki Cantwell - Executive Officer; and
- Heather Nicholls - Project Manager

The CEO reports to the Board of the Australian Children’s Trust.

During the course of the review GenerationOne and the AEC underwent re-structures advised the Department that they were amalgamated under the GenerationOne banner, with the AEC operating as a program under it. Both GenerationOne and the AEC were consulted and provided clarification regarding their proposed model and the proposed financial inputs. The current version of the GenerationOne VTEC model that was costed by the AEC for this review has changed in a number of respects from the original model published by GenerationOne on January 2012.

Below we describe what was initially proposed and then the additional information provided to the consultants through the Review.

4.2 The proposed GenerationOne VTEC Model

The aim in the model is to:

- “comprehensively assist the job seekers to address the barriers to employment; and
- train to employer’s specifications for a guaranteed job.”

4.2.1 Original proposal

The GenerationOne VTEC model is broadly outlined in several of their publications. The key elements of the model are:

- it has a job as an incentive to commence and complete training: the Australian Employment Covenant (AEC) will have identified jobs for those who progress through the VTEC;
- it targets Indigenous job seekers who find it most difficult to obtain employment (streams 3 and 4);
- it provides case-management assistance to job-seekers through consolidating legal, medical and financial advice and assistance (“From first contact point, partners act as a virtual case-management team around the participant, including providing a safety net to catch those who fall out”)⁴;
- its intention is to provide assistance to the job-seekers so that they are job-ready;
- it relies on employer signatories to the Covenant fulfilling their commitments regarding the employment of Indigenous job seekers;
- it relies on partnerships with JSA providers and other service providers for shopfronts, for referral of candidates and for some financial contribution towards expenses and access to EPF funds from JSA providers;
- it relies on State and Territory governments to provide assistance to enable it to utilise existing programs, services and infrastructure; and
- it relies on the Australian Government for financial assistance to set up and sustain VTEC infrastructure, staffing and mentoring.

The AEC and GenerationOne developed a draft proposal in December 2011 proposing that the Australian Government fund the establishment of originally four (and now five) demonstration sites in Brisbane, Sydney, Melbourne and Perth (and now also Darwin). These sites were chosen because of the known demand for Indigenous staff from AEC employers and a known supply of Indigenous job seekers.

In the demonstration phase GenerationOne proposed a network of skilled convenors and personnel, would prioritise Indigenous Australians while mentoring and supporting non-Indigenous Australians to ensure support from

⁴ GenerationOne Career Ready document, 2012, p. 45

the Executive and the whole organisation. "To maintain the integrity of the framework, and ensure that employers are sufficiently resourced, it was proposed that GenerationOne or the AEC should coordinate the convenors."⁵

GenerationOne would work with an existing organisation to develop a leadership training package to help convenors navigate organisational and Indigenous cultures and build partnerships founded on trust and respect. This would be tested and refined in the demonstration sites.

It was suggested that other VTECs could follow (up to 24 in total), based on outcomes, government support and the demand driven by AEC employers in this process. The AEC would commit funding and three staff for the roll-out, monitoring and overseeing.

Key elements of their methodology were:

- employee attraction;
- pre-employment training and preparation;
- screening/selection/placement;
- on the job support; and
- career progression/retention.⁶

In its proposed role for the implementation stage of the VTEC, the AEC would act as a clearing house of information and "a broker of supportive relationships" to support employers in the rollout of their job opportunities.

The AEC did not propose to have a role of directly placing individuals into work or training. That they see as the domain of the federally-funded job services and training industries. However, the AEC would act as a 'connection point' between Indigenous job seekers and the employment opportunities through its online jobs board and its networks with employment service providers.

According to the AEC in the next stage, the AEC would:

- Work with each employer to develop a Covenant Action Plan (CAP) and support employers to implement the CAP. This information will include examples of best practice and the services available to support implementation;
- introduce and/or support the mentoring process within each employer organisation;
- share its local and industry knowledge with employers, brokering relationships with organisations that can support the employer's objectives. These relationships may include companies specialising in Indigenous recruitment or labour hire, Indigenous community organisations that focus on employment or those that specialise in

⁵ Ibid, p. 24

⁶ More information on the initial GenerationOne proposal can be seen in their policy paper: *Skills and Training for a Generation: A GenerationOne Policy*, 2012

Indigenous employment strategies, pre-employment training and post-placement support;

- share with employers the knowledge, experience and networks of others through Better Practice Workshops around the country; and
- share good news stories of successes in Indigenous recruitment and retention by AEC employers through the AEC website, literature and in workshop forums.”⁷

The AEC website outlines the benefits for Employers in signing the Covenant as being:

- *“Free Employer Supporter Workshop. Find out how programs such as a workplace buddy system will increase Indigenous staff retention;*
- *Free recruitment advertising on the AEC electronic Jobs Board;*
- *Free publicity. Your business and logo, along with that of Australia’s most respected companies, will be featured on the AEC website;*
- *Acknowledgement certificate recognizing your status as “Employer of Choice” for Indigenous Australians;*
- *Use of AEC branding in your marketing and promotional activities; and*
- *Use of branding in tendering documents to demonstrate an Indigenous Employment Strategy.”⁸*

4.3.1. Progress to date

The AEC received funding to secure 50,000 sustainable jobs under a two year funding agreement to 30 June 2011. According to the AEC, that commitment was met, however, they did not claim commencement payments or 26 week payments as it was not the AEC who employed the job seekers and the employers were not able to pass on the details of those who had been employed.

For employers to be able to sign the Covenant they must be willing to employ 10 or more Indigenous employees. The AEC has no control over the actions of the employers that have signed the Covenant, but it does offer a consultancy service once the business has signed; to assist for example in cultural awareness training and Workforce Plan development. The employers’ commitment is to guarantee a job to an Indigenous person who meets their requirements and to operate a workplace buddy system for the indigenous recruits.

According to the AEC by June 2010 50,000 jobs had been identified. By July 2012, 330 employers had signed up, 62,000 jobs had been committed and 10,200 placements had been made.⁹

⁷ AEC website

⁸ AEC website

⁹ These figures were questioned in an article: Jordan, K. *Indigenous Job Training: Questioning the Numbers*. Centre for Aboriginal Economic Policy Research, ANU College of Arts & Social Sciences, CAEPR TOPICAL ISSUE NO. 2/2012

By July 2012 in NSW, with the establishment of a VTEC on hold, the AEC coordinator had turned to connecting JSA providers with Indigenous job seekers with Covenant employers with vacancies.

According to the AEC website and interviews with AEC staff, the AEC's role has now moved from developing the business (signing new partners up to the covenant) to the rollout or implementation stage. However new employers can still approach the AEC to partner in the program.

4.3.2. Additional Information

Additional information was provided to the consultants during visits to GenerationOne in Sydney and the AEC in Perth and Sydney in June 2012, in correspondence received in August 2012 and in updates to the AEC website. It is outlined below.

Overview

GenerationOne would take each VTEC site on its own merits and look at what is required in each location. GenerationOne does not necessarily propose to be the service provider of the VTEC itself. Preference would be given to selecting a service provider (maybe a JSA or IEP panellist) that is already delivering as many of the elements of the VTEC model as possible to run the VTEC. A specific budget would be developed to deliver the program in that location. The existing service providers may be currently following a different method (course duration, number of courses/year, ratio of case workers etc.) that would otherwise comprehensively assist the job seekers to address the barriers to employment and train to a guaranteed job. The qualifying values that need to be inherent in the selected program would be that they:

- comprehensively assist the job seeker to overcome their barriers to employment; and
- train to employer's specifications for a guaranteed job.

GenerationOne would be very open to developing the actual method with the provider and defer to their local knowledge and experience. They have provided the components of their model but acknowledge that there is more than one model.

Budget assumptions

The budget assumptions provided by AEC/GenerationOne¹⁰ were:

- where possible, existing service providers would be sought in the location where the VTEC is proposed to be run. The budget estimates the cost of delivering the VTEC model for a greenfield site; however GenerationOne

¹⁰ Email to consultants with revised budget and budget assumptions, 2 August 2010

does not envisage that a new service would be created, rather an existing program would be scaled up;

- preference would be given to select a service provider (JSA or IEP panellist) that is already delivering as many of the elements of the VTEC model as possible. Missing elements would either be delivered by the lead service provider or coordinated by the lead service provider and delivered by a partnered provider, agency or service e.g. Driver training may be contracted out ;
- the VTEC is designed to specifically target stream 3 and 4 Indigenous job seekers. However, the VTEC would be open to all Indigenous job seekers regardless of their stream classification;
- the VTEC focuses on addressing the significant and multiple barriers (soft-skills, health, housing, justice, transport etc.) that prevent many stream 3 and 4 participants from being fully engaged in pre-employment training;
- the budget does not include the training costs for the industry skills training required by the employer i.e. Certificate II Retail, Hospitality etc. Depending on the occupation and the duration of the training, the costs will vary. It is envisaged by GenerationOne that these costs would be covered by access to JSA’s EPF;
- an application for funding would be made for each VTEC site individually, as each site would have its own unique circumstances and requirements;
- training will only be provided where there is a guaranteed job;
- every VTEC will be flexible enough to adapt to the local conditions, priorities and employer needs;
- the model assumes 250 people will go through the program at each site into employment each year. 73% will be stream 3 or 4; and
- post-placement support plan to be developed between the Employer, JSA and VTEC. To be funded by JSA and Employer.

Proposed VTEC staffing (AEC)

The staffing structure for each VTEC at the five proposed locations might vary according to circumstances, however, the basic staff according to the AEC would be along the lines shown below. Whoever is the provider, whether the AEC or not, provision for staffing would be of this order. Salaries are estimated for budgeting purposes only.

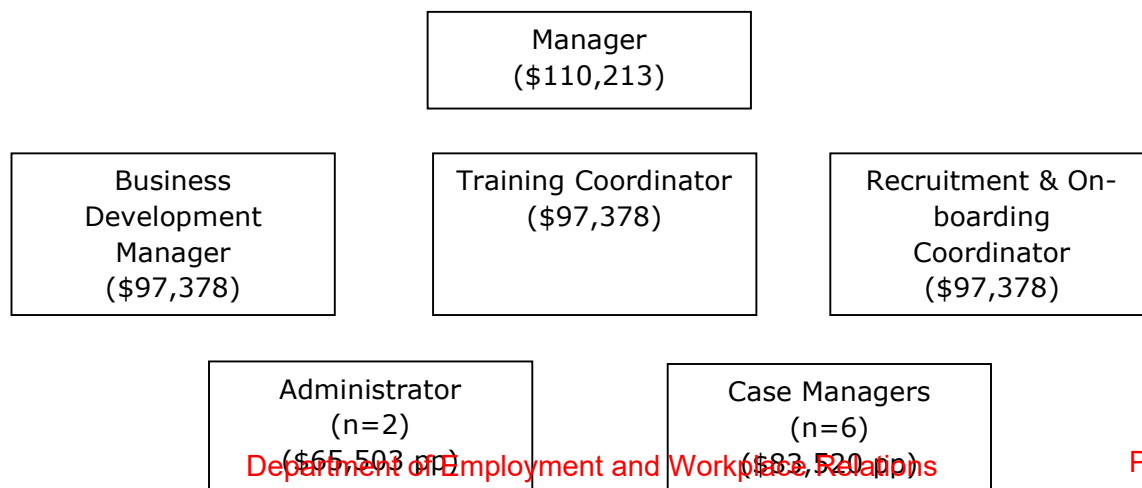


Figure 2: Proposed VTEC staffing structure

From discussions with the AEC in Perth we understand that the **Manager** would be responsible for day to day management of the VTEC including managing the people, finances and operations of the VTEC as well as liaising with the Australian and State Governments, employers, JSA providers, TAFE and the AEC. The Manager would manage the high level negotiations and relationships with the above entities; however most of the day to day tasks would be directly managed by the Business Development Manager, Training Coordinator and Recruitment Coordinator respectively.

The six **Case Managers** would be responsible for conducting an initial assessment of the job seeker to assess their job capacity and needs. They would then assist individuals to ensure their housing (including crisis accommodation), medical and legal needs were being met. They would then be responsible for supporting a cohort of job seekers through the program, assisting them in the transition to work and for following them up once they had commenced work.

The **Business Development Manager** would be responsible for ensuring that there are jobs lined up for each program. They would liaise with employers to provide guaranteed jobs and to ensure that the employer is involved throughout the program. They would also ensure that a personal guarantee is made from an employer's senior representative at the commencement of the program.

The **Recruitment Coordinator** would be responsible for coordinating info sessions for job seekers, community engagement, and bringing Indigenous candidates into the program. They would also work with the job seeker's JSA to ensure that the participant was provided with the necessary supports from the JSA. This is more of a specialist role as distinct from the Case Managers who are providing the pastoral support to the participant.

The **Training Coordinator** would be responsible for liaising with employers to ensure the training is directed to their needs, developing an overall curriculum and liaising with providers such as TAFE for the training provision.

The two **Administrative/Compliance Officers** would be responsible for VTEC finances, government contracts and compliance. They would also, in cooperation with the AEC, gather data on VTEC performance and outcomes.

The resources of the AEC team in each state and territory would be used to **establish strong relationships with the local Indigenous community** in order to publicise the services of the VTEC and encourage community participation in its establishment and operation. This would be paid for by the AEC.

Audit of services

The next step would be an audit of services in each location. This would include considering existing medical services, driver licence facilities and counselling services and training providers and courses. The intention is to use existing

services and resources where possible, with tailoring if required, and “case-manage” cohorts of job seekers through the pathway to successful employment. This may require partnering with the Aboriginal Employment Services (AES) or other local employment providers. The VTEC is intended to be a hub for Indigenous job seekers, AEC employers, and service providers. It is proposed that each VTEC has a “front door” entry point that where appropriate would be established in an existing venue. In the selection of the venue, proximity to Indigenous job seekers, transport routes, and available training facilities would be considered as a priority.

Partnerships

The next step would be to approach State and Territory governments to support the VTEC in utilising existing programs, services and infrastructure. Initial discussions with the Western Australian Government have been positive. GenerationOne and the AEC are in discussion with the Western Australian Government concerning the use of Aboriginal Workforce Development Centres as “front doors” for the VTECs.

Similarly in South Australia the AEC states that it may be possible to use Government funded industry clusters as VTEC “front doors”.

They may use existing infrastructure or may develop new hubs, depending on the outcomes of the audit. According to the AEC the preferred option would be for the State Government to provide premises and/or for the VTEC to co-locate with a JSA or TAFE. If State Government assistance was not available then the AEC would look to the Australian Government for funding for premises.

Each VTEC would establish relationships with preferred JSA providers and sign a Memorandum of Understanding (MoU) with each JSA provider. The MoU would require the JSA provider to provide candidates to the VTEC and the VTEC to coordinate the delivery of services for the candidate leading to a job. It would be expected that agreement would be sought from the JSA provider to provide the VTEC with access to the Employment Pathways Fund (see Appendix 3). However the AEC is not interested in taking part of the JSA’s outcome based results funding; leaving that to the JSA providers. It was the view of GenerationOne that the JSA providers should be happy to provide candidates and share the Stream 3 and 4 job seekers with the VTEC because of the “guarantee” of a job.

It is important to note that the AEC recognises that:

- employment service providers (ESP) play a pivotal role in supporting Indigenous Australians into work;
- the AEC recognizes the hard work and dedication of these service providers who prepare Indigenous candidates for work; and
- the AEC complements that role by connecting ESP’s with employers who have guaranteed jobs for Indigenous Australians.¹¹

¹¹ AEC website: <http://www.fiftythousandjobs.org.au/service-provider/> 9 August 2012

Additional Support

Under the GenerationOne VTEC model individual job seekers could approach the VTEC for assistance and their needs would be addressed. GenerationOne expects to be working with cohorts of job seekers. Their immediate needs could include:

- housing or crisis accommodation;
- medical attention;
- legal assistance;
- registration with Centrelink; and
- registration with a JSA.

GenerationOne state that job seekers could stay with the VTEC for as long as needed to allow them to be work-ready.¹² It is also not compulsory as they say “they want people to come to the VTEC because they want to work”.

The VTECs would also have to develop MoUs with employers which might stipulate that the employer will provide jobs for job-ready candidates and the AEC will assist with brokering cultural awareness training for employers. The AEC would not spend time with large single-site employers such as FMG and Crown that already have established Indigenous employment programs.

Contracts with training providers would also have to be developed. The GenerationOne VTEC model has not yet specified the type of training that would be provided for participants, although there is an assumption that with multiple employers it is likely to be industry-specific but not tailored to any particular employer. For example a VTEC in Sydney that focussed on retail would provide generic training that might be applicable in a range of retail businesses.

GenerationOne acknowledge that one VTEC model would not suit all circumstances and locations and therefore they are proposing three different models types for the VTEC:

- one VTEC for one large employer;
- industry VTECs for multiple employers in a specific sector; and/or
- location-based VTECs in areas of high supply of job seekers for multiple employers in multiple sectors.

While the AEC job figures would drive the type of VTEC, for the demonstration sites in cities, GenerationOne say that it is likely to be industry VTECs in the areas of retail and construction. According to the AEC the best option would be to have geographically based VTECs for entry level positions.

¹² By way of comparison, FMG and Rio Tinto generally let someone go from their program after three months if they haven't been able to demonstrate a desire to work or address drug and alcohol problems.

Once the convenor/coordinators and their teams are appointed, relationships are established with the local Indigenous community, the audit completed, agreements are reached with State, Territory and Australian governments, premises are located and fitted out and the MoUs arranged with JSA providers, training providers and employers the VTECs would presumably be open for business. They estimate that each VTEC would seek to place 250 job seekers each year.

A Current Proposal

One model of how a VTEC might operate is currently being discussed. The Western Australian Government Department of Training and Workforce Development and GenerationOne are in discussions with the Department regarding a model which might bring together many of the elements proposed in the GenerationOne VTEC model. The proposal suggests utilising Aboriginal Workforce Development Centres across the State as venues to allow Indigenous people to be recruited, get career advice and do training. The WA Department opened conversation with the AEC and preliminary discussions with the Australian Government have also been held.

4.3.3. The proposed budget for the GenerationOne VTEC

GenerationOne have provided the following budgets for their Greenfield site.

Table 3: VTEC Greenfield site budget

| Operating budget | |
|--|--------------------|
| Vehicle running costs | \$60,100 |
| Catering | \$75,000 |
| Insurances | \$14,672 |
| Telephone and internet | \$18,960 |
| Facilities | - |
| Staff salaries and on costs | \$1,135,576 |
| Printing, stationery etc | \$7,200 |
| Contingency | \$88,493 |
| Total operating costs per annum | \$1,400,000 |

The operating budget has been prepared on the assumptions provided earlier in this section. Further details are provided in Appendix 4. The key points are:

- the consultants assume that no budget has been proposed for facilities as it is suggested that a partnership would be developed with a TAFE or similar training institution and the program would be run from their premises free of charge. If this is not possible then additional funding would need to be sought to cover rental and utility costs;

- staffing would be according to the staffing structure provided earlier in this section and salary rates would be consistent with the salaries of those performing similar roles within the WA public sector;
- no participant training costs are included in the budget; and
- no specialist mentoring costs beyond that provided by staff case workers are included in the budget.

A critical analysis of the operating budget is included in the next section.

Table 4: VTEC Greenfield capital budget

| Capital budget | |
|---------------------------|-----------------|
| Driver training vehicle | \$18,000 |
| Computers | \$21,600 |
| Total capital cost | \$39,600 |

The capital budget is for the purchase of computers for use by the staff and participants and a driver training vehicle for use in teaching the participants to drive.

A critical analysis of the capital budget is included in the next section.

The budget assumes that 250 participants would complete the program each year at an average cost of **\$5,600** per participant.

A critical comparison of these estimated costs are included in the next section.

5 Critical analysis of the proposed GenerationOne VTEC model

5.1 A summary of the GenerationOne VTEC model

Based on the information received from GenerationOne and the AEC, and using information from the case study models already in operation, we are able to describe the components of the proposed VTEC model. This is an evolving conceptual model that has changed during the course of this review from the model described in the GenerationOne policy paper. The table below outlines those components. This chapter also answers the Terms of Reference that requires the consultants to:

- define and document the proposed GenerationOne VTEC model identifying all its component elements and the outcomes that it aims to deliver and the processes by which delivery would occur; and
- examine the funding arrangements and cost estimates for the GenerationOne VTEC model.

Table 5: GenerationOne VTEC Model

| Components | GenerationOne VTEC Model |
|--|--|
| Sector | Industry and place based. |
| Location | To be determined, however Darwin, Brisbane, Sydney, Melbourne and Perth have been suggested for the demonstration sites. |
| Employer | Generally AEC registered employers (330) from a diversity of industries. |
| RTO | To be negotiated on a case by case basis with a provider. The model does not explain how the VTEC would manage delivery of training if a wide variety of job types or available at a given time, requiring different types of industry skills training. |
| Length of program | 6 weeks (12 courses per year) |
| Program lead | Preference would be given to select a service provider (JSA or IEP panellist) that is already delivering as many of the elements of the VTEC model as possible. Missing elements would either be delivered by the lead service provider or coordinated by the lead service provider and delivered by a partnered provider, agency or service e.g. driver training may be contracted out etc. |
| Service provider entity characteristics | |
| Entity type | To be determined but Generation One's preference would be for the employing entity to be a registered charity, so it has the benefits of charitable tax status |
| Community networks | Most of the AEC State Managers have strong community links. |
| Industry knowledge | The industries and related industry knowledge from the AEC job commitments to be developed through the VTEC have not been considered in detail, as it would depend on the location. |

| Components | GenerationOne VTEC Model |
|---|--|
| Indigenous employment programs expertise | Several of the AEC State Managers have direct relevant experience. The model is reliant on establishing and maintaining knowledge of, and strong relationships with, a range of government programs and services, including state and territory programs. |
| Designated facility | The intention is to develop a partnership with a TAFE or similar institution to run the program from their facility. In some cases where this cannot be negotiated, funding may be required for adequate facilities and utility services, or provided by employers. |
| Characteristics of program | |
| Guaranteed jobs | AEC state that they wish to assist the job seekers to address the barriers to employment and train to a guaranteed job. |
| Identified job | AEC state that they wish to train to employer's specifications for a guaranteed job. A significant proportion of AEC jobs are entry-level positions. |
| Time of placement in job | This would generally be after completion of the program. The model does not explain the extent to which apprenticeship and traineeships would be used, which are an important part of many successful IEP projects. |
| Access policy | The VTEC is designed to specifically target stream 3 and 4 Indigenous job seekers. However, the VTEC would be open to all Indigenous job seekers regardless of their stream classification. |
| Target participants | AEC would target Indigenous communities in a geographic region. |
| Australian Government funding sought | To be negotiated, however it could include capital expenditure (vehicles, computers and possibly facilities), running costs (staffing, vehicles, insurance, catering and communications) and mentoring. |
| State/Territory support | To be negotiated, however it could include TAFE training, premises, staffing, transport, health services and accommodation services. The model does not include the cost of these services and is therefore reliant on being able to secure such services from state/territory agencies and programs. |
| Information session | Not specifically stated. |
| Screening assessment | This is suggested in the GenerationOne policy paper. All job seekers registered with JSA undergo assessment to determine the appropriate level of Stream Service, and a Skills Assessment which is used to develop an individual Employment Pathway Plan. The implication is that the VTEC would undertake some additional assessment or screening specific to AEC jobs. |
| Medical assessment and referral mechanism | Not specifically stated, although the consolidation of services is a key part of the VTEC policy paper published by GenerationOne. |
| Access to transport | Recognised as an important factor in where a VTEC might be situated. |
| Provision of transport | Not specifically stated. |
| Mentoring and support in training | Seen as an integral part of the model. The AEC have stated (verbal confirmation 6 August 2012) that the mentoring would not be the principal activity of the case managers and is likely to be sub-contracted out. |

| Components | GenerationOne VTEC Model |
|---|---|
| Participant payment | Not specifically stated. |
| JSA involvement | The model states that partnerships with JSAs would be essential. It assumes JSA providers would utilise the AEC Jobs Board website to identify jobs for Indigenous candidates and record their placement on that website. Although the JSAs are already contracted to provide a full range of services including making referrals to complementary services such as accommodation, mental health and drug and alcohol support services as required, the model does not necessarily identify that JSAs would be providing this. |
| JSA financial contribution | The proposed budget assumes that training costs would be covered by JSA's EPF: "Budget does not include the training costs for the industry skills training required by the employer i.e. Cert II Retail, Hospitality etc. Depending on the occupation and the duration of the training, the costs would vary. It is envisaged that these costs would be covered by JSA's EPF. "This means that the model relies on the JSA's agreeing to use the EPF for this purpose and assumes that there are funds unspent for each job seeker. It is also assumed that Post-Placement support would be assisted by JSA providers. |
| Employer financial contribution | Not specifically stated. |
| Employer involvement in program | Assumed in policy paper with the employer's obligations being: <ul style="list-style-type: none"> • Agree to guarantee a specified number of sustainable jobs based on their workforce requirements. • Provide a workplace mentor from within their workforce. • Ensure the workplace culture is conducive to the recruitment, retention and development of Indigenous staff. Budget assumptions include a Post-Placement support plan. |
| On the job experience with the employer | Not specifically stated. |
| Work experience entity | An intermediate labour market is mentioned in GenerationOne policy documents and the model and discussions with the AEC indicate that participants would be given additional assistance and time to become job ready. |
| Additional time | The model and discussions with the AEC indicate that participants would be given additional assistance and time to become job ready. |
| Work ready and personal development component | AEC state that they wish to: "comprehensively assist the job seekers to address the barriers to employment and train to a guaranteed job." The providers are to be negotiated. |
| Job skills training with accredited training | AEC state that: "Budget does not include the training costs for the hard-skill training required by the employer i.e. Cert II Retail, Hospitality etc. Depending on the occupation and the duration of the training, the costs |

| Components | GenerationOne VTEC Model |
|------------------------------------|--|
| | would vary. It is envisaged that these costs would be covered by JSA's EPF." |
| Hands on training | The GenerationOne policy paper refers to: "Training has clear expectations and line of sight to a job; it is applied, practical and relevant to the workplace." This may imply hands-on training. |
| Adaptations to pedagogical methods | The GenerationOne policy paper refers to: "Training has clear expectations and line of sight to a job; it is applied, practical and relevant to the workplace. Different learning styles are catered for." |
| Graduation | Not specifically stated. |
| Cultural awareness training | The AEC assists companies to develop cultural awareness programs. It is assumed that would continue under a VTEC. |
| Workplace mentoring and support | Post-Placement support plan to be developed between the Employer, JSA and VTEC. To be funded by JSA and Employer. |

5.2 Unresolved elements of the model

Because the model is not yet in operation some details have not yet been developed or fully considered, for example:

- at what point in the model's process the jobs will be specified with the program designed for those jobs, and the job seekers matched to the employers;
- how the VTEC would work with the JSAs and how it would enhance and avoid not duplicating any existing services, especially around the assessment of job capacity and needs;
- what industry skills training might be provided for what level of certification;
- how long the program would be if industry skills training is included;
- whether there would be an information session for potential participants;
- whether there would be a medical assessment and referral mechanism;
- whether transport would be provided for participants;
- whether there would be participant payment;
- what, if any, the employer's financial contribution might be;
- whether there would be on-the-job experience with the employer; and
- whether there would be a graduation ceremony.

Importantly, if AEC/GenerationOne does not wish to be a "service provider", as was indicated to the consultants, who would then be the employer of the staff for each VTEC?

The AEC/GenerationOne made the point that that:

*GenerationOne would take each VTEC site on its own merits and look at what is required in each location. A specific budget would be developed to deliver the program in that location. The existing service provider may be currently following a different method (course duration, number of courses/year, ratio of case workers etc.) that would otherwise comprehensively assist the job seekers to address the barriers to employment and train to a guaranteed job. We would be very open to developing the actual method with the provider and defer to their local knowledge and experience.*¹³

5.2.1 AEC role

In discussions with the AEC in Perth, it was made clear to the consultants that the preferred role for the AEC was not as a service provider. However, they were willing to contemplate being a service provider if that is what it took to have their proposal funded.¹⁴

If it is assumed that for a greenfield site, other than for walk-ins, Centrelink would register and provide a JSCI to each job seeker and undertake the streaming, allocate the job seeker to a JSA, then the VTEC would expect to receive from JSA providers a steady stream of candidates for jobs already nominated by AEC employers. There appears to be little difference in this process from that undertaken by existing JSA providers.

5.2.2 Other elements in existing models

While FMG is in a remote location and based in mining, and the proposed demonstration sites would be in cities, there were some elements of the FMG model that were important to its success including:

- the nurse at FMG played a crucial role in assessing job seekers medical needs, arranging appointments for them to address medical problems including drug testing and accompanying them to the medical appointments. She also provided follow-up programs for those who failed drug testing;
- a second resourcing issue related to drivers' licenses. In the remote areas and particularly for mining, a driver's licence is essential and many Indigenous job seekers have either lost their licence or don't have one. At FMG a dedicated Support Worker worked with each job seeker to assist them to obtain licenses including addressing legal issues. Both FMG and Rio Tinto stressed both the utility aspects as well as the personal confidence having a licence gave to Indigenous job seekers;
- a third staff member was responsible for recruitment including running EOIs for programs, being the first point of contact, recruiting for training

¹³ Email correspondence, 3 August 2012

¹⁴ The AEC have submitted a proposal to be on the IEP panel in case their preferred model is not accepted.

courses, sourcing and placing appropriately trained people directly into employment, assessing job seekers who apply, assisting with resumes, liaising with JSA providers and liaising with Support Workers; and

- the proximity to TAFE and the relationship with TAFE for both FMG and Rio Tinto was crucial. In fact both thought the TAFE should be the first consideration in siting a VTEC.

As the proposed VTEC model suggests intensive support for participants, any VTEC proposal would have to at least consider these elements.

5.2.3 JSA contribution

It was the view of AEC/GenerationOne that the JSA providers would be happy to provide candidates and share the Stream 3 and 4 job seekers with the VTEC because of the "guarantee" of a job. That view is not necessarily shared by JSA providers interviewed; they would want to look closely at what the financial implications would be for their bottom line.

It's not clear that the JSA providers would necessarily want to give VTECs access to EPF funds given that for difficult cases they need to keep drawing on them. Several JSA providers interviewed expressed concern that participants may begin a job but turn up again at the JSA after several months with the EPF funds expended. One suggested a more sensible approach would be for the VTEC to take the 26 week payment leaving the JSA with the 13 week payment and the EPF. They suggested that this might demonstrate VTEC's commitment to getting the person into the job and helping them stay there.

Yarn'n has undertaken several IEP "General Employment" activities in recent years that involve identification of candidates and training placement with any of a wide range of employers. These IEP activities appear to be similar to the envisaged VTEC model, at least as it might operate in metropolitan areas. The placement and 13/26 week outcome rate under these programs has been very high, but nonetheless Yarn'n report that the willingness and ability of JSA Providers to supply suitable job seekers and to furnish EPF support varies widely, and is often a source of frustration.

5.2.4 The case management load

Under the GenerationOne VTEC model individual job seekers could approach the VTEC for assistance and their needs would be addressed. Based on discussions with case study organisations those immediate needs could include:

- Housing or crisis accommodation
- Medical attention
- Legal assistance;
- Registration with Centrelink

- Registration with a JSA provider.

How this is to be funded and how the GenerationOne VTEC is funded to co-ordinate these services has not been determined.

The case management approach suggested by GenerationOne is undoubtedly resource-heavy. While GenerationOne expects to be working with cohorts of job-seekers, the reality is that job seekers generally don't appear in cohorts and it is likely that there would need to be a considerable amount of one-on-one attention if the model is to work. According to the AEC/GenerationOne the VTEC would be there to get job seekers across the line and provide employers with work ready candidates. This would mean coordinating the delivery of a range of different training including life skills, personal development and job specific skills, referring job seekers to specialised services such as the Aboriginal Legal Service or the Aboriginal Medical Service, and assisting them with juvenile justice licence, accommodation or transport issues: a very resource-heavy case-management approach.

GenerationOne state that job seekers can stay with the VTEC for as long as needed to allow them to be work-ready.¹⁵ It is also not compulsory as they say "they want people to come to the VTEC because they want to work". This approach may exclude (or may not attract) a number of the Stream 3 & 4 candidates who have not experienced work and may not want to.

5.2.5 Training

The GenerationOne VTEC model has not yet specified the type of training that would be provided for participants, although there is an assumption that with multiple employers it is likely to be generic. For example a VTEC in Sydney that focussed on retail would provide generic training that might be applicable in a range of retail businesses. Certainly that model would not suit several of the large companies visited during this review as they insist that the training needed must be employer-specific because of the culture they wish to develop. Nevertheless, the Western Australian Government Department of Training and Workforce Development proposal to utilise five Aboriginal Workforce Centres as VTEC sites assumes that entry level training can be generic.¹⁶

5.2.6 Australian Government role

Under the original GenerationOne VTEC proposal it was proposed that the Australian Government's role, through the Department, would be as follows.

¹⁵ By way of comparison, FMG and Rio Tinto generally release participants from their program after three months if they haven't been able to demonstrate a desire to work or address drug and alcohol problems.

¹⁶ Telephone conversation with Karen Ho, Western Australian Government Department of Training and Workforce Development, 31 July 2012

- work with the AEC to develop the service agreements and funding model;
- appoint a Local Employment Coordinator to be the responsible link between the VTEC and the Department;
- funding would be bundled by government in conjunction with the employer's convener, based on the employer's needs;
- this support, including funding, should remain flexible and negotiable based on the needs of each site;
- funding should be accessible for every new cohort of long term unemployed candidates;
- dedicated caseworkers should support employers as their programs develop and evolve to support each group of candidates;
- service providers would continue their government contracts; and
- providers working within the VTEC framework would be encouraged and supported to use their resources more flexibly.

It is not clear how many if any of these suggestions still apply under the re-vamped GenerationOne VTEC proposal.

5.3 The GenerationOne VTEC costing

The budget **proposed by GenerationOne for a** VTEC Greenfield site is \$1,400,000 per annum for a program for 250 participants.

This is approximately \$5,600 per participant which is somewhat lower than most of the case study projects which varied between \$2,652 and \$13,302 but were generally at the higher end of that range. Those projects, which included all the components of pre-employment and skills training, mentoring and cultural awareness training for the workplace, cost \$11,500 plus.

In comparison the GenerationOne VTEC budget does not include the costs of many of these components. It is a 6 week program which does include pre-employment training/assistance by the case workers. However the budget does not include the training costs for the hard-skill (industry) training required by the employer i.e. Cert II Retail, Hospitality. GenerationOne/AEC has stated that it is envisaged that these costs would be covered by the JSAs. Neither does it include the costs of mentoring support although mentoring support is seen as an integral part of the model it would not be the principal activity of the case managers and is likely to be sub-contracted out. No budget has been included for this cost. Neither has any budget been included for any post-placement support/mentoring it is proposed that this would be assisted by JSA providers.

The cost of any facilities and utilities is also omitted from the budget on the assumption that these would be provided free of charge by neither the training provider or State Government.

With the exclusion of training costs and skills training the GenerationOne VTEC model budget would appear most comparable with the Yarn'n and NSW Health (4508277) program which provided mentoring and cultural support whilst participants complete Cert III Health services assistant with NSW Health as the RTO. This program received IEP funding of \$2,652 per participant. Therefore the proposed cost of the GenerationOne VTEC Greenfield site would appear high in comparison given that it does not include the cost of many of the proposed components and would be seeking funding or contribution from other sources for these components.

The proposed capital budget is \$39,600 and includes \$18,000 for a driver training vehicle. However it is not clear who would be providing the training and whether this has been included within the staffing costs.

Summary

Therefore the total per annum cost of an operational VTEC as proposed by GenerationOne would be \$3,087,500 comprising \$1,400,000 for the Greenfield site and \$1,687,500 for training and mentoring. It should be noted that the training and mentoring funding is expected, in the model described by GenerationOne, to come purely from JSA providers using the Employment Pathway Fund (EPF).¹⁷ These associated costs do not include the development of a Post Placement Support (PPS) Plan which it is assumed would be funded between the Employer and the JSA provider. If funded by the JSA provider this would be through the EPF. JSA providers receive EPF credits for each registered job seeker commensurate with their level of disadvantage and other requirements. EPF credits are not limited to an individual and can be used flexibly to provide services to any job seeker or group of job seekers, except where the credits are identified for use for Early School Leavers and job seeker receiving a Labour Adjustment Package. These EPF credits must be used for addressing a range of vocational and non-vocational barriers to assist the job seeker in obtaining employment.

If training costs of \$4,000 per participant (which is similar to those seen in the case studies) and mentoring costs of \$2,750 per participant (which is similar to those seen in the case studies) were added to the GenerationOne VTEC budget then the total cost per participant would be \$12,350 which is very similar to the case study programs which included all components.

¹⁷ The EPF is more fully described in Appendix 3.

5.4 Comparison with existing operational models

When the proposed GenerationOne VTEC model is compared to existing operational models there are many similarities. Table 6 below shows the components of the models reviewed in the case studies.

Table 6: Components of the Case Study Models

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|---|------------------|------------------|--|--|-------------------------------------|--|--|
| Description | | | | | | | |
| Sector | Mining | Mining | Aged care, Children's services | Construction | Health and Hospital services | Group training | Retail |
| Location | Pilbara | Pilbara | Based Melbourne, programs in Vic, NSW, QLD, NT | Adelaide | NSW | Australia-wide | Australia-wide |
| Employer | FMG | Rio Tinto | Replay Group | John Holland | Various health sector | GTA and MEGT | Coles |
| RTO | TAFE | TAFE | Is the RTO | Globally Making a Difference Civil Train | NSW Health RTO | Organisations are RTOs | Various – contracted out to local RTOs |
| Length of program | 2,10 or 13 weeks | 20 weeks | 26 weeks + | 10 weeks | 52 weeks | 52 weeks | 3 weeks + 26 weeks mentoring |
| Program provider entity characteristics | | | | | | | |
| Entity type | Company-Employer | Company-Employer | Private Company RTO IEP panel | Not for profit association IEP panel member | Private Company IEP panel member | National association representing a network of around 150 group training | Company-Employer |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|--|-------------------------------------|--|---|--|---|--|---|
| | | | member | | | organisations | |
| Community networks | Strong community networks | Strong community networks | Work through advisory group and local organisations | Yes well known in local Indigenous community | Extensive, and beyond local area. Works through family and community groups, non-profits etc. | Work through local GTOs with good community networks Some GTAs are RTOs and some are also JSA providers | Integral part of making the program local |
| Industry knowledge | A major mining company | A major mining company | Yes – aged care and children’s services | Yes within construction industry | Largely derived from involvement in the program – provider is not industry specialised | Various industries | Leading Australian retailer |
| Indigenous employment programs expertise | Program has been running since 2006 | Yes considerable experience in Indigenous employment | Yes – program has been running since 2001. | Yes numerous other programs including retail and banking | Extensive, based on principal’s 20+ years’ experience in government and industry programs. | GTA sub-contracted those members of the group training network with the requisite skills and experience in Indigenous training, mentoring and employment | Relatively new program |
| Characteristics of program | | | | | | | |
| Guaranteed jobs | Yes | Yes | Yes | Yes | KPI | Yes – | Yes – they |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|-------------------------------|---|--|---|--|---|---|---|
| | | | | | benchmark is 100% employment commencement | employed by GTOs | only train for actual vacancies |
| Identified job | Specific employer but not specific location or shift | With Rio Tinto, a contractor or local business | Yes – matched at outset and employment starts at outset | Specific employer but not specific work gang | No | Yes | Yes |
| Time of placement in job | After completion of pre-employment program | After completion of pre-employment program | From outset of program | After completion of pre-employment program | Some work during pre-employment program. | Generally after completion | After completion |
| Access policy | Yes only those able to find local accommodation. Local community members and traditional land owners are given priority | Focus on local community | Focus on Stream 3 and 4 but anyone can apply | Yes will need to register with a JSA | Unrestricted | Unrestricted | Focus on local Indigenous community who live near the store |
| Target participants | Local community members all streams | Local community members all streams | Stream 3 and 4 | Streams 2,3 and 4 | Indigenous job seekers | Local Indigenous communities | Local Indigenous communities |
| Australian Government funding | None beyond IEP | Yes | None beyond IEP | None beyond IEP | Yes | Several national projects and several Indigenous Land Corporation | Yes |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|---|--|---|---|--|--|--|---|
| | | | | | | projects | |
| State/Territory support | TAFE access | TAFE access | No | Yes from SA Gov't | Principal employer is state government | Rely of TAFE | TAFE access (but Australian Government funded) |
| Information session | Yes | Yes | No | Yes | Yes | Yes | Yes |
| Screening assessment | Initially to determine which length pre-employment course they should be enrolled in and then on completion of the pre-employment program. | Yes interviews with all candidates to assess whether they really want a job | 3-5 recruitment interviews with Replay & employers | During selection process and on completion of the pre-employment program | During selection process and on completion of the pre-employment program. Pre-employment program combines elements of screening. | (MEGT) interview every Indigenous person who applies | Yes including a candidate profiling tool |
| Medical assessment and referral mechanism | Yes | Yes | Handled by employer, if necessary | Yes | No | No | No |
| Access to transport | Yes | Yes | Addressed through range of arrangements e.g. purchase bicycle, and journey to work kept within 30 minutes | Training venue was not necessarily easy to access by public transport but where necessary provision was made | Yes, if not, as is often the case, Yarn'n may provide if JSA providers cannot. | GTOs are close to participants | A key element is local programs for local people so that access is easy |
| Provision of transport | Yes | Yes | Use residential | Yes | Yes, if not, as is often the | No | No |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|-----------------------------------|---|---|---|-------------------------------------|---|--|---|
| | | | training as one way of overcoming problem. | | case, Yarn'n may provide if JSA providers cannot. | | |
| Mentoring and support in training | Yes | Yes, Rio Tinto has Indigenous mentors at every work site. | Yes | Yes | Yes, often long-term relationship with job-seeker and extended family (future referrals). | MEGT has a field officer for every trainee and they also work with local Indigenous Liaison Officers | External mentoring is provided for each candidate for 26 weeks |
| Participant payment | Yes | No | Yes – they receive wages because they are already in job. | During work experience component | Some participants are able to start working while training | MEGT pays the Indigenous Australian Apprentice wages on a weekly basis | No |
| JSA financial contribution | Yes through EPF | Yes through EPF | Sometimes | Yes \$2,500 requested from each JSA | Often requested e.g. for clothing, transport. Often refused. | MEGT are a JSA | Yes through EPF |
| Employer financial contribution | Substantial contribution to both pre-employment and post-employment training and assistance | Substantial contribution to both pre-employment and post-employment training and assistance | In kind, for workplace mentor and managers time | No | In kind | Yes if participant needs exceed DEEWR budget | Contribution to both pre-employment and post-employment training and assistance |
| Employer involvement in | Strong support at | Employer engagement | Yes – workplace | Yes | Cross cultural training. | MEGT are the employer | Employer engagement |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|---|---|---|---|------|---|-------------------------------------|--|
| program | Executive and management level | from the start of the program and right through | mentors, training for mentors, manager time and counselling for supervisors and mentors | | Provider meets fortnightly with CEO. Cultural mentoring of "program champions" in organisation. | | from the start of the program and right through |
| On the job experience with the employer | No | Three weeks on the job | Yes | Yes | Yes | Yes | One week of the three is on the job |
| Work experience entity | VTEC Services provides employees with work challenges an opportunity for work experience which can lead into the pre-employment program | Rio Tinto Indigenous Participation Program (IPP) for those not initially competitive enough to get into the mining sector because of little or no prior work experience, family problems or drug and alcohol problems | No - already in employment from outset | No | No | The GTOs are training organisations | No, they are being trained for entry level jobs at Coles |
| Additional time | Participants can be given additional time to become job | Participants can be given additional time to become job | If necessary - tend to do early finish for training | No | Not specified. | No | No |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|---|--|--|--|--|--|--|---------------------------|
| | ready | ready | | | | | |
| Work ready and personal development component | Integral part of the program | Integral part of the program | Integral part of the program | Yes | Integral part of program. | MEGT state that a lot of additional support is provided in the form of literacy, work readiness and how to show initiative | Integral part of program. |
| Job skills training with accredited training | Certificate of General Education for Adults Certificate II in Surface Extraction Operations | Certificate 1 in Gaining Access to Training and Employment Certificate II in Resource and Infrastructure Work Preparation, and Cert. II Transport and Logistics | Yes Certificate III in Aged Care or Certificate III in Children's Services | Yes Cert II | Yes Cert III with a small number of Cert II, Cert IV. | Certificate III in most programs (MEGT) | Certificate I in Retail |
| Hands on training | Yes | Yes | Yes | Yes | Yes | Yes the GTOs are training organisations and employer during training | Yes in second week |
| Adaptations to pedagogical methods | Teaching format is tailored to suit the participants needs | Teaching format is tailored to suit the participants needs | Experiential learning method used plus language of participants built into | Teaching format is tailored to suit the participants needs | Teaching format is tailored to suit the participants. Cultural | Yes | Yes |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|-----------------------------|-----------------------|-----------------------|--|-------------------------------------|--|--|---|
| | | | courses. Residential model used to enhance cultural norms to develop amongst group and to adapt to success in training | | training provided for Health RTO trainers. | | |
| Graduation | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Cultural awareness training | Yes for all employees | Yes for all employees | Yes for employers | Some | Yes. For job seekers in some cases, and for employers. | Network capacity building undertaken with all GTOs in the program | All partners attend a Cultural Diversity session of five hours before team members start in a store |
| Workplace mentoring | Yes | Yes | Yes for as long as necessary and as supported by employer | Yes 2 years by the program provider | Yes, 48 weeks by program provider. | GTOs providing services to GTA under sub-contracting arrangements assigned a field officer (mentor) to each participant to | The mentoring is also provided by an external provider who must provide a supported service to candidates during the pre- |

| Program | FMG | Rio Tinto | Replay Group | MEEA | Yarn'n | Group Training | Coles |
|---------|-----|-----------|--------------|------|--------|---|--|
| | | | | | | provide mentoring from the time participants were recruited to the project and for the duration of their participation in the project | employment training and to Brand Team members once employed for a total of 19.5 hours per participants over 26 weeks |

5.5 Summary

The GenerationOne objectives were outlined in *Skills and Training for a Career: A GenerationOne Policy*¹⁸ as:

- to ensure skills and training provisions are better aligned with demand for Indigenous employment;
- to bring together good training practice under a framework which will help employers, including Australian Employment Covenant members, find and develop a supply of candidates to meet the demands of business;
- to simplify current training and work preparation provisions for Indigenous Australians and ensure the provisions are accountable, measurable and effective;
- to assist Indigenous people to become a permanent part of the labour force, allowing people to choose work over welfare;
- to support local solutions that match the needs of communities and employers; and
- to build an evidence base and encourage a systematic approach to Indigenous training innovation for entry.

In Chapter 3 we highlighted a number of key features which contribute to the success of the models operated by the case study organisations. Some are common to many of the case studies and some are individual and address the particular circumstances of the specific case study. These features are:

- the existence of a specified job which is available to the participant either at the outset or once they have successfully completed the program;
- the employers' extensive and committed involvement in the program and preparation of the workplace for the inclusion of Indigenous employees;
- mentoring being available to the participants both during training and in the work place;
- a comprehensive selection process which identifies committed and suitable participants;
- the support and engagement of the JSA providers;
- the availability of work experience through alternative employment paths to assist participants and keep them engaged and in employment;
- the provision of transport and training venues and employment locations which are accessible to participants; and
- pedagogical methods being appropriately adapted to meet the needs of the participants.

The GenerationOne VTEC model shares many of these characteristics and is yet to determine how and whether to utilise others. It has a "guaranteed job" as a central plank of its policy, it has committed employers, it provides for mentoring,

¹⁸ www.GenerationOne.org.au/training

it would work with JSA providers, it recommends having a work experience entity and it advocates for appropriate pedagogical methods.

These models operate successfully, within existing Australian Government programs, including the Indigenous Employment Program and Australian Government's national employment services system Job Services Australia. They place Indigenous job seekers into employment. The GenerationOne VTEC model similarly recommends utilising existing Australian Government programs.

There are examples of organisations effectively using both RTOs and JSA providers to complement their programs. There are also examples of organisations providing comprehensive services for Indigenous job seekers as both an RTO and a JSA.

In sum, most if not all of what is proposed in the GenerationOne VTEC model is already in operation in the organisations reviewed; all of which are working successfully. The objectives for the GenerationOne VTEC model outlined above are not unique and the case study organisations generally meet those objectives.

However unlike the case study projects, the GenerationOne VTEC is aimed at providing Indigenous employees for small to medium enterprises, city based and in a range of sectors/industries.

The case studies were predominately projects for specific employers in specific locations and sectors/industries. For example, the Coles project was targeted for specific retail store locations and the Replay project was specifically for the aged care or the children's services sectors in one state. The FMG project was for FMG and its contractors, in the remote Pilbara in the mining industry. There are as a result significant differences between the FMG VTEC and the GenerationOne VTEC model. In particular, the Generation One VTEC model does not explain how it would manage the provision of a variety of pre-employment industry skills training suitable for the different types of AEC jobs available at any given time.

Though it has many elements in common, the FMG VTEC, operated by a single large employer in a remote region, does not provide "proof of concept" for the GenerationOne VTEC model, which is primarily designed for multiple smaller employers across different industries in an urban setting. The other case study projects also do not support the feasibility of the proposed multiple industries, multiple locations, multiple small to medium sized enterprise component of the GenerationOne VTEC model.

Furthermore it is important that, for the model to become operational, it must be shown how all the elements, including those we have identified as currently unresolved or unclear, will fit together into a comprehensive and cohesive program. In particular, the VTEC model does not explain how it would manage

the provision of a variety of pre-employment industry skills training suitable for the different types of AEC jobs available at any given time.

Until these issues are addressed, the case cannot be established that a centralised, "bricks and mortar" VTEC covering multiple industries would be more or less expensive or provide better outcomes than the key features demonstrated through the case studies.

6 Other funding options for the GenerationOne VTEC model

6.1 Funding options from Terms of Reference

The Terms of Reference required the consultants to consider whether there are other funding options for the GenerationOne VTEC model which:

- rely less heavily on the Indigenous Employment Program;
- increase industry and employer take-up and contribution of resources;
- make greater use of resources from JSA providers (mainstream programs); and
- utilise other skills training programs.

A paper written by the Closing the Gap Clearinghouse in March 2012 summarises existing government policies aimed at increasing the employment rates of Indigenous Australians. This can be seen at Appendix 7.

This review of funding options below shows a range of possible funding sources to which the AEC VTEC could make application. However, the review also found that most projects rely on the Indigenous Employment Program. They like its convenience and flexibility and the fact that DEEWR State officers are willing to work with them to ensure the project meets their needs and also to ensure the project gets underway.

6.1.1 The IEP

Organisations engaged in Indigenous employment can, and do, seek funding from a variety of sources. However, most programs do rely heavily on the Indigenous Employment Program. They like its flexibility and the fact that IEP providers and DEEWR State Offices are willing to work with them to ensure the program meets their needs and also to ensure the program gets underway. For example for Coles, DEEWR has provided funding for Coles to get their program underway, including for state coordinators, and DEEWR has separately funded NSW TAFE and other service providers to assist the Coles' program for mentoring and training.

6.1.2 Industry contribution

In the case studies undertaken there was not great enthusiasm for increased employer take-up and industry contribution of resources. In the case study programs some employers were already providing and funding cultural awareness training (e.g. FMG, Rio Tinto, Coles). In the case of these large organisations they have both a business driver and a social imperative to provide such training.

Most medium to large employers also provide industry skills training as part of their normal workplace. Their expectation is that employees will arrive “work ready” with basic literacy and numeracy, the ability to relate to others and work in a team and some time management skills. The organisations are then able to provide industry-related skills and knowledge. The larger organisations visited appear to be willing to provide both the job ready training and the industry skills training though they expect assistance with the former (and would like and receive assistance with the latter if it is available).

The Government also collaborates with industry groups to achieve industry and training outcomes. For example a Memorandum of Understanding between the Australian Government and the Minerals Council of Australia on Indigenous Employment and Enterprise Development commits the Government to whole of government coordination to enable Memorandum of Understanding Sites better access to government services and programs, and it commits minerals companies to facilitate enhanced access to employment-related and supply chain opportunities.

6.1.3 JSA providers (Mainstream Programs)

This review has shown that relationships with JSA providers are a key element in the success of these models. JSA providers are the source of participants for the most part and also a source of access to EPF funding to support participants. Greater use of resources from JSA providers (mainstream programs) could be made, however as indicated in this report this requires early and continuous engagement with JSA providers.

There is undoubtedly criticism of some within the JSA network for not “going that extra mile” that is needed to place Indigenous job seekers with a poor employment record. However, there is also praise for JSA providers that work well with employers wanting to employ Indigenous employees and that work to give Indigenous job seekers every opportunity to gain such employment.

In particular access to the EPF is an issue of contention. Essentially the EPF is a flexible fund for use by providers to purchase assistance for job seekers on a needs basis. The EPF can be used flexibly over a wide range of assistance (see Appendix 3) to help eligible job seekers address their vocational and non-vocational barriers to employment.. The EPF is allocated to providers to enable the provision of specified forms of assistance to their clients. The amount of funding available to each provider depends on their clients’ characteristics, including their Stream of assistance and whether they reside in a remote area. There is no stipulation that a credit given for a particular job seeker must be spent on that individual and can be used flexibly to provide services to any job seeker or group of job seekers.

Nevertheless programs that engaged in the early stages with local JSA providers and brought them into their planning were likely to get some assistance from

JSA providers; a point made to the consultants by the Rio Tinto program leaders who work with several JSA providers. Yarn'n's experience has been that the development of strong working relationships with JSA providers is, in many cases, a pre-requisite for reasonable cooperation in providing EPF support.

JSA providers themselves can be a source of funding; not only through providing access to the EPF but through negotiated arrangements. It was suggested by one JSA that they would want to hold on to the EPF funding. However they would be willing to share an outcome payment¹⁹, for example the 26 week payment, with an organisation that was guaranteeing jobs for its clients.

6.1.4 Other skills training programs

Australian, state and territory governments run programs to address specific regional or industry needs for example, to support growth in areas where there is a skill shortage. Through Australian Government Skills Connect²⁰, eligible businesses and Industry Organisations are able to apply for funding from the following programs:

- **National Workforce Development Fund** - under the Fund, enterprises can identify their current and future business and workforce development needs and apply for Government funding to support the training of existing workers and new workers in the area of need. This fund requires an employer co-contribution.
- **Workplace English Language and Literacy Program** - WELL funding is available for employers, partnering with a training organisation, to provide reading, writing and maths training linked to job-related workplace training. The workplace training undertaken is specifically tailored to the workforce development needs of the employer and the learning needs of the workers. The workplace training is usually made up of several units of competency taken from a nationally recognised training package.
- **Accelerated Australian Apprenticeships initiative** – this initiative will support Australian Apprentices to progress through their training as they demonstrate the required competencies, rather than on a time served basis, helping business and industry to get the qualified tradespeople needed as soon as possible. Australian Government funding will be in the form of one-off grants to Industry Skills Councils, peak industry bodies or other organisation to lead projects under this initiative, working in partnership with employers, Registered Training Organisations, unions and other stakeholders. Partnerships will be required to co-invest in the project.
- **Australian Apprenticeships Mentoring Program**- this program is targeted at industries and occupations with current or emerging skills

¹⁹ This is a financial element of the JSA model and is not part of the EPF which is specifically about job seeker support through purchasing goods/services.

²⁰ <http://www.skills.gov.au/content/national-workforce-development-fund>

need and Australian Apprentices who may face barriers to participation and may be at risk of withdrawing. Funding will support targeted mentoring to help Australian Apprentices successfully progress through their apprenticeships. Mentoring projects may also involve support for employers and supervisors in order to better support Australian Apprentices.

- **Experience+ Training** – this program supports employers to enable their mature age workers to pass on their valuable skills and experience to new workers. It helps provide quality training to up-skill mature age workers (aged 50 years or over) so that they can gain the skills needed to successfully mentor and supervise apprentices or trainees in the workplace.
- **Experience+ More Help for Mature Age Workers** – this program allows employers to retain valuable skills and experience in the workplace. It provides workers aged 50 years and over who have trade and related relevant skills but no formal qualifications with the opportunity to have their skills assessed and formally recognised, and undertake gap training if required.

Organisations can utilise other skills training programs in DEEWR. Appendix 7 provides a non-exhaustive list of DEEWR programs which is indicative of the types of programs and services accessed by those engaged in Indigenous employment.

6.2 Other sources of funding/support for support services

A strong element of the proposed GenerationOne VTEC model is the provision of support services; in particular in health, housing and legal services. These services are supported both at State and Australian government levels.

6.2.1 Australian Government

The Australian Government provides support through many departments. Of particular interest for remote communities for the future is the Remote Jobs and Communities Program announced in April 2012 (see Appendix 8 for Ministerial Press Release). The key elements of the program are:

- a single, local point of call for job seeker;
- better support to get people ready for work and strengthen communities;
- local service providers;
- a strong pathway to employment for young people; and
- CDEP wages

More generally the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) provides programs and services in the areas of:

- families and children ;
- housing support ;
- seniors ;

- communities and vulnerable people;
- disability and carers;
- women; and
- Indigenous Australians.

Of particular importance to remote Indigenous people is the National Partnership Agreement on Remote Service Delivery (RSD NPA) which was signed by the Australian Government, New South Wales, Queensland, Western Australia, South Australia and the Northern Territory in January 2009. Under this agreement the Australian Government and the relevant States and Northern Territory are investing \$291.2 million over six years from 1 July 2009 to change the way they work with Indigenous Australians in a number of priority communities. The broad objectives of the RSD NPA are:

- to improve Indigenous families' access to a range of government services;
- to raise these services to the standard provided to other Australians living in communities of similar size and location;
- to improve governance and leadership within the communities, including among Indigenous community organisations;
- to achieve better coordinated government services; and
- to increase economic and social participation wherever possible and promote personal responsibility and positive behaviours.

The Department of Health and Ageing (DoHA) has a number of Aboriginal and Torres Strait Islander programs and initiatives to improve access for Aboriginal and Torres Strait Islander people to effective health care services essential to improving health, and life expectancy, and reducing child mortality. These programs aim to contribute to closing the gap within a decade by addressing the following areas of health:

- primary health care;
- social and emotional wellbeing;
- substance use;
- child and maternal health;
- chronic disease;
- remote services (including Closing the Gap in the Northern Territory); and
- health workforce.

Among other programs for Indigenous Australians, the Australian Attorney General's Department provides funding for legal assistance services which are delivered by funded providers, particularly Aboriginal Legal Services, at numerous permanent sites, court circuits and outreach locations in urban, rural and remote areas throughout all States and Territories.

6.2.2 State Government

State Governments provide funding for TAFE training, apprentice training, premises, staffing, transport, accommodation services and health services (including Aboriginal Medical Services and Community Controlled Aboriginal Health Services). An example of integrated services at the State level can be

seen in Section 4.4.4 above with the AEC/WA Government Proposal. Similarly in South Australia the AEC states that it may be possible to use Government funded industry clusters as VTEC "front doors". In Chapter 3 above we indicated the reliance that most of the programs visited rely on TAFE training programs.

6.2.3 Other sources of support

Based on the case studies for this review and our previous reviews, the consultants have identified other sources of funding that have been accessed by organisations to assist Indigenous jobs seekers.

Local Government can provide land, premises, equipment, work experience, machinery and transport.

Receiving employers can provide training, mentoring, work experience, premises and equipment. For example the Australian Government's contract with the AEC was made on the expectation of an industry contribution to costs of \$27.50 for the first 25,000 places and \$66 for the next 25,000. Most of the employers visited as part of this review provide assistance beyond that funded by Federal or State governments for their Indigenous employment programs. Whether it is for a business imperative or for a commitment to social justice it would not appear unreasonable to expect receiving employers to make some contribution. Certainly organisation Reconciliation Action Plans and the Australian Employment Covenant imply such a commitment.

DEEWR-funded organisations including Not-for-Profit organisations provide staff, program management and time over and above DEEWR contract commitments.

Industry bodies can provide expertise, program coordination and liaison with members. As noted above there is a Memorandum of Understanding between the Australian Government and the Minerals Council of Australia on Indigenous Employment and Enterprise Development.

Participants could in some circumstances pay their own training costs.

Native Title Claimant Groups Trusts can provide funds for training, equipment and vehicles that benefit community members. For example 90% of the costs associated with the Driver Training Program at FMG are covered by JSA EPF funds and the Native Title Claimant Groups Trusts

The AEC can provide liaison services with employers.

Philanthropists are also known to assist Indigenous organisations with projects.

7 Appendix 1: Letter of Authority



Julie Collins MP
Minister for Community Services
Minister for Indigenous Employment and Economic Development
Minister for the Status of Women

Parliament House
CANBERRA ACT 2600

Telephone: 02 6277 7780
Facsimile: 02 6273 7096

Ref: BR12-003252

Letter of Authority - Hugh Watson Consulting

Review of the GenerationOne Career Ready: Vocational Training and Employment Centres (VTEC) model

In January 2012 GenerationOne released its *Career Ready: Vocational Training and Employment Centres* (VTEC) policy paper. I am now following up on the Government's commitment to assess the viability of the VTEC model and potential benefits to employers and Aboriginal and Torres Strait Islander job seekers.

The Department of Education, Employment and Workplace Relations has engaged Hugh Watson Consulting to assess the VTEC model and compare it to a number of successful employer-driven Indigenous employment initiatives in partnership with the Government's Indigenous Employment Program.

I would be grateful if your organisation would assist the consultant by providing access to information about the level of financial input in your program from participating employers and contractors, the type and level of assistance from government programs other than those managed by the Department, and access to staff and program participants to conduct interviews.

Hugh and his team are very experienced in reviewing Indigenous initiatives and highly regarded by the Department. Please note that the consultant's contract with the Department includes strict confidentiality provisions. Any information your organisation provides to Hugh Watson Consulting will remain Commercial-in-Confidence unless agreed otherwise with your organisation.

I thank your organisation for its commitment to helping to close the gap on Indigenous disadvantage. The great progress we are seeing would not be possible without ongoing personal commitment and leadership by major employers in partnership with the Government's network of service providers.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Julie Collins'.

JULIE COLLINS MP

8 Appendix 2: The Australian Employment Covenant

AUSTRALIAN EMPLOYMENT COVENANT Between **The AUSTRALIAN GOVERNMENT (Government)** and **Andrew Forrest on behalf of the AEC EXECUTIVE (AEC Executive)**

1. PRINCIPLES

The Australian Employment Covenant (AEC) is a national industry-led initiative which brings all Australians together to break the vicious cycle of unemployment, hopelessness and poverty amongst many Indigenous Australians. It is the first of its kind and represents a major commitment to providing the majority of Indigenous Australians who are capable of work, with a real opportunity to achieve their full potential as productive members of Australian society. The AEC will:

- Provide the leadership and the facilitation to drive the collaborative efforts of industry, Indigenous leaders and Government in an aspiration to secure 50,000 sustainable jobs filled by Indigenous Australians.
- Ensure AEC covenanted employers formally guarantee to provide sustainable employment for Indigenous Australians on successful completion of pre-employment job specific training funded by government to the employer's specifications. This guarantee includes access to post placement and individual mentor support through mentoring in the work place.
- Encourage employer workplace culture and practices directed at improving the recruitment, retention and development of participants. The AEC will, through a network of Patrons and Champions at national, state and regional levels, support employers at all levels in the nation's economy in this drive.

The Australian Government will assist employers by providing industry specified training to the appropriate job levels, tailored to meet the requirements of each industry. The Australian Government will also contribute funding and expertise to the AEC to access support for mentors, employer support and direct administration assistance of this nationwide program.

2. THE COVENANT

It is a three way commitment that involves:

- Employers formally guaranteeing job ready and training ready Indigenous Australians employment, industry specific training, support and individualised mentor support.
- The Australian Government, through employment services supporting the recruitment of Indigenous Job Seekers and supporting pre-employment training tailored to the specifications of employers resulting in sustainable employment.

- Indigenous people committing to accept and remain in employment once trained.

The Government fully endorses the AEC principles and aspirations to secure 50,000 sustainable jobs for Indigenous Australians, recognising the AEC's contribution to Closing the Gap. The Government agrees to adopt and implement each of the Government Commitments set out below. The AEC Executive will provide support and guidance to the Government, participating Australian employers (AEC Employers), Indigenous job seekers and Workplace Mentors in performing their roles, by implementing the AEC Executive Commitments.

3. AEC EXECUTIVE COMMITMENTS

The AEC Executive commits to: **Providing leadership and the facilitation** to drive the collaborative efforts of industry in securing 50,000 sustainable jobs.

Raise awareness of the AEC and endeavour to establish a national consciousness of the personal responsibility and opportunity for all Australians to play a historic role in breaking the cycles of welfare dependency and poverty within the Indigenous population by participating in and supporting the AEC.

Provide support to all stakeholders in meeting their obligations under the Covenant. This includes:

- Actively encouraging and increasing the commitment by Australian employers to employ Indigenous workers.
- Working with the Indigenous community to strongly encourage participation in the AEC.
- Sharing industry specifications for pre-employment training with relevant stakeholders.
- Providing support mechanisms and information to employers, mentors, training providers, employment service providers and Indigenous Australians.
- Advising Government on recommendations in regards to barriers to sustainable employment for Indigenous Australians.
- Providing a network of patrons, ambassadors and champions to support and encourage participation in the program.

4. GOVERNMENT COMMITMENTS

The Australian Government will use its best endeavours to: **Support and promote the AEC Objective**, on a non-discriminatory basis and in accordance with the law.

Engage Employment Service Providers in efforts to attract and support at least 50,000 Indigenous people to participate in AEC training, placement and support. **Provide for pre-employment job training** in accordance with training tailored to the specifications of AEC Employers (who will guarantee employment upon completion of specified training by the Indigenous job-seeker).

Executed on the 30th day of
October 2008

The Hon Kevin Rudd MP
For and on behalf of the Australian
Federal Government

Andrew Forrest

For and on behalf of the Australian
Employment Covenant and as an
Australian Employer

9 Appendix 3: Employment Pathway Fund (EPF) ²¹

The Australian Government contracts 93 Job Services Australia (JSA) providers through over 2 000 sites across Australia to provide job seekers with flexible and tailored support to assist them to obtain employment. The JSA model has a particular focus on the needs of the most disadvantaged job seekers.

JSA providers have access to a broad range of resources to assist job seekers. Contracted JSA providers receive service and outcome fees for specific service delivery requirements and achieved outcomes. In addition, JSA providers are able to access the EPF which can be used to help eligible job seekers address their vocational and non-vocational barriers to employment.

These JSA contractual arrangements apply until 30 June 2015, and may be extended.

How EPF Credits Flow

The EPF is demand driven with funding credited to a JSA provider based on the characteristics and level of disadvantage of each job seeker. For example, credits flow on commencement of a job seeker in Streams 2-4, after 13 weeks participation in Stream 1 and upon commencing in the Work Experience Phase. [Stream 1 job seekers are the most job ready. Stream 4 job seekers have been identified as having more barriers to employment.]

Credits are not limited to an individual job seeker but can be used flexibly by the JSA provider to service any job seeker or group of job seekers. In other words, JSA providers are not limited to spending the actual EPF credit for an individual job seeker on that job seeker. This means that JSA providers determine which of their job seekers receive support from their EPF and the extent of that assistance, based on their assessment of how to best assist the job seeker on their path to sustainable employment.

Expenditure from the EPF

Expenditure by JSA providers from the EPF is governed by four principles:

- i. Purchases are commensurate with the needs of the job seeker.
- ii. Assistance complies with any occupational, health and safety laws that may apply.
- iii. Purchases represent value for money.
- iv. Purchases are capable of withstanding public scrutiny, and will not bring the Services into disrepute.

There is no fixed list of eligible items; instead, a wide range of assistance is available based on the job seeker's individual needs. When using the EPF, a Job Services Australia provider is expected to take into consideration, amongst other

²¹ Source: Job Services Australia, Department of Education, Employment and Workplace Relations

things, the job seeker's individual circumstances and barriers to employment, the total pool of funds they have available and the needs of all job seekers on their caseload. They are also required to ensure that purchases made using the EPF represent value for money and are capable of withstanding public scrutiny.

The categories of greatest EPF expenditure are training courses, wage subsidies, and provider and professional services. Other categories include clothing and presentation, transport and licensing assistance, pre-employment checks, tools and mobile phones, interpreters, relocation assistance and short term child care assistance. Providers are reimbursed for eligible expenditure and must comply with evidence requirements for EPF purchases.

10 Appendix 4: Greenfield VTEC Site Budget

Table 7: Greenfield VTEC Site Budget

| Operating Expenditure | | |
|--|--------|--|
| Vehicles | | |
| - Bus Operating Lease x 2 | 37,800 | Based on a fully maintained operating lease for 2x 12 seat Toyota Hiace Commuter Bus. Incl Registration and maintenance. Lease Costs have not been proven up. |
| - Fuel Buses | 12,000 | Fuel consumption based upon vehicles traveling 25000km/year each @ \$1.60/lt 15l/100km |
| - Fuel Driver Training Vehicle | 4,000 | Fuel consumption based upon vehicle traveling 25000km/year each @ \$1.60/lt 10l/100km |
| - Bus Insurance | 3,000 | \$1500 x 2 buses - Estimate from Central Insurance Brokers |
| - Motor Vehicle Insurance | 1,000 | \$1000 driver training vehicle. As Above |
| - Driver Training Vehicle Maintenance | 1,500 | Based on a fully maintained operating lease for 2x 12 seats Toyota Hiace Commuter Bus. Incl Registration and maintenance. Lease Costs have not been proven up. |
| - Driver Training Vehicle Registration | 800 | Fuel consumption based upon vehicles traveling 25000km/year each @ \$1.60/lt 15l/100km |
| | 60,100 | |
| Catering | 75,000 | Providing meals for participants in program. Assuming 20 people per weekday. 20 participants x \$15/day x 250 days |
| Insurance: | | |
| - Management Liability | 2,500 | Cost not proven up - Estimate from Central Insurance Brokers |
| - Professional Indemnity | 3,000 | As Above |
| - Public liability | 4,000 | As Above |
| - Workers Compensation | 5,172 | Workers Compensation |
| | 14,672 | |
| Telephone and Internet: | | |
| - Landline | 3600 | 300/mth |
| - Mobiles | 14400 | 150/mth * 8 mobiles |
| - Internet | 960 | 80/mth |
| | 18,960 | |
| Facilities: | | |
| - Utilities | | Not costed. The intention is to develop a partnership with a TAFE or similar institution to run the program from their facility. In some cases where this cannot be negotiated, funding may be required for adequate facilities and utility services |

| | | |
|--|--------------------|--|
| - Lease | | As above |
| Staffing: | | |
| - Manager | 110,213 | Level 7 WA public service - Highest level |
| - Case Manager x 6 | 501,120 | Level 5 WA Public service - Highest level |
| - Administrator x 2 | 131,006 | Level 3 WA public service - Highest level |
| - Training Coordinator | 97,378 | Level 6 WA public service - Highest level |
| - Recruitment and Onboarding Coordinator | 97,378 | Level 6 WA public service - Highest level |
| - Business Development Manager | 97,378 | Level 6 WA public service - Highest level |
| - Superannuation | 93,103 | 9% of Salary |
| - Payroll Tax | - | Assuming that the employing entity is a registered charity, payroll tax would not apply. |
| - Staff Development | 8,000 | \$1000 per staff member/ year |
| | 1,135,576 | |
| Printing, Postage, Stationary and Sundry items | 7,200 | |
| Contingency | 88,493 | ~7% of total operating expenditure |
| Total | \$1,400,000 | |

| Capital Expenditure - Establishment | | |
|--|------------------|--|
| Dual Control Driver Training Vehicle | 18,000 | This is a vehicle modified to be used as a driver training vehicle. A second hand late model Toyota Corolla or similar would be preferable. This could not be leased as the modification would not be permitted in a standard lease. |
| Computers | 21,600 | \$1800x12 computers (9 staff and 3 available to participants) |
| Total | \$ 39,600 | |

| Number of participants per year | | Cost Per Participant | |
|--|-----|-----------------------------|--|
| - Stream I & II | 70 | \$ 1,000 | Covers the process of addressing the barriers and preparing candidates for training. Does not include training costs. Depending on the occupation and the duration of the training, the costs will vary. It is envisaged that training costs would be covered by JSA's EPF. |
| - Stream III & IV | 180 | \$ 7,389 | |

11 Appendix 5: AEC Job Commitments Table

Table 8: AEC Job Commitments

PAYMENT STRUCTURE TABLES

AEC Job Commitments Table

| <u>Outcome</u> | <u>AEC Job Commitments</u> | <u>Amount Payable Per Job Commitment (incl GST)</u> | <u>Maximum Amount Payable for Outcome (incl GST)</u> |
|--|----------------------------|---|--|
| Outcome AJC1 – Paid per AEC Job Commitment for up to first 25 000 AEC registered jobs | 25,000 | \$82.50 | \$2,062,500 |
| Outcome AJC2 – Paid per AEC Job Commitment for the second 25 000 AEC registered jobs | 25,000 | \$44.00 | \$1,100,000 |
| | | Maximum Amount Payable | \$3,162,500 |

Employment Outcome Table

| <u>Outcome</u> | <u>Amount Payable Per Participant (incl GST)</u> | <u>Maximum Amount Payable for Outcome (incl GST)</u> |
|--|--|--|
| Outcome C1 - Commencement into AEC Job Commitment for a maximum of 50,000 jobs | \$165 per participant | \$8,250,000 |
| Outcome CE1 – Completion of 26 weeks of continuous employment in a AEC Job Commitment for a maximum of 50,000 participants. | \$110 per participant | \$5,500,000 |
| | Maximum Amount Payable | \$13,750,000 |

Source: DEEWR

12 Appendix 6: Overview of current Australian Government policies

There is a range of existing government policies aimed at increasing the employment rates of Indigenous Australians.²² These include policies that apply to all Australians (general policies) and those that are directed specifically to the Indigenous population (Indigenous-specific policies).

General policies and programs that aim to increase employment rates include:

- Policies designed to improve the compatibility of income support payments and taxation systems with financial incentives to be in paid employment (i.e. 'make work pay').
- Making it a condition of payment of government benefits that benefit recipients seek paid employment or participate in education (this was strengthened with the introduction of Work for the Dole in 1998 and emphasis being placed upon 'mutual obligation').
- Policies that help people with multiple and overlapping problems that have negative effects on their lives including not being able to find or sustain paid employment.
- Conventional labour market programs such as wage subsidies, educational and training programs, which aim to increase productivity, and job search assistance.

Indigenous-specific policies and programs include, at the Australian Government level, the Indigenous Employment Program (IEP), with some \$991 million committed to the IEP over the period 2009–10 to 2014–15 (DEEWR 2011) The key components of the IEP are outlined below:

- Indigenous Wage Subsidy—available to employers who employ eligible Indigenous job seekers.
- CDEP work experience wage subsidy—available to employers who offer paid work experience to new CDEP participants who are on income support.
- Indigenous Cadetship Support—links full-time students undertaking a diploma, advanced diploma or their first undergraduate degree with employers who can give them work placements and ongoing employment once they finish their studies.
- Tailored assistance to employers to help them provide more employment opportunities to Indigenous Australians.

²² Increasing Indigenous employment rates. Issues paper no. 3 produced for the Closing the Gap Clearinghouse. Matthew Gray, Boyd Hunter and Shaun Lohar, March 2012. Australian Institute of Health and Welfare and the Australian Institute of Family Studies

- Access to accredited language, literacy and numeracy training under the Workplace English Language and Literacy (WELL) program.
- Support for business and economic development including: to start a business; obtain financial literacy training; conduct feasibility studies; develop and implement business plans and risk management plans; support the development and implementation of community or regional development plans and other strategic initiatives.
- The Indigenous Capital Assistance Scheme—offers Indigenous businesses access to commercial finance, and appropriate professional and mentoring support services.

There is also a range of government policies and programs that are not primarily employment focused but that have as one of their objectives employing Indigenous Australians. These include:

- The Strategic Indigenous Housing and Infrastructure Program – it has set a target of 20% Indigenous employment across the program and local companies are to be subcontracted wherever possible (Northern Territory Government).
- The Working on Country program—it employs Indigenous people to do 'caring for country' (DSEWPC)
- The Australian Government's Indigenous Opportunities Policy (IOP) – it requires government officials responsible for projects involving expenditure of over \$5 million (\$6 million for construction) to ensure tenders include a plan for providing training and employment opportunities to local Indigenous communities and for the use of Indigenous suppliers that are small and medium enterprises (DEEWRa).
- Government support for the Australian Employment Covenant (AEC) (DEEWRb). The AEC is a national industry-led initiative that involves employers making a commitment to formally guarantee job-ready or training-ready Indigenous Australians employment and to provide job-specific training, post-placement and mentor support. The Australian Government contributes to the AEC by facilitating and coordinating training, referral, placement and support processes, involving the take up of AEC jobs, and facilitating post-placement and mentor support for eligible Indigenous Australians through universal employment services, the IEP and the CDEP Program. The AEC aims to place 50,000 Indigenous job seekers into employment. Although the AEC is showing some promising signs, it is too early to assess how effective it will be in increasing Indigenous employment rates (Jordan 2011).

13 Appendix 7: Other DEEWR Programs and Assistance

Local Employment Coordinators (LECs) and Regional Employment, Skills and Jobs Coordinators (RESJs) - Free coordination/ brokerage service, RESJs and LECs are expected to be proactive and have small project budgets.

School Business Community Partnership Brokers - service for employers working with schools to encourage retention and create pathways to local jobs

Australian Apprenticeships Advisers - new industry led program that will create a network of 140 Advisers to work with school leavers

Australian Apprenticeships Incentives - paid to employers, triggered by milestones in contract between employer, apprentice and an Australian Apprenticeships Centre

The Australian Apprenticeships Mentoring Program was announced in the 2011-12 Budget as part of the \$101 million Australian Apprenticeships Mentoring package. The Mentoring Program seeks to improve Australian Apprenticeship retention rates through the provision of approximately \$80 million over four years to support targeted mentoring and assistance to Australian Apprentices. The Mentoring Program is targeted at industries and occupations with current or emerging skills need and Australian Apprentices who may face barriers to participation (e.g. Indigenous Apprentices or Apprentices in remote locations). It is anticipated that Mentoring Projects will target support to the first year of training when Australian Apprentices are most at risk of withdrawing.

Indigenous Youth Careers Pathways - school based apprenticeships - employers can negotiate with individual schools and pay training wage.

CDEP - in remote locations - coordinates at a community level with JSA, IEP and other providers for work readiness, pre-vocational and vocational training and job placement and support.

Employment Pathway Fund (EPF) See Appendix 3.

Workplace English Language and Literacy (WELL) - pre-funded IEP linked places are available for job placement support and adding skill sets.

Language Literacy & Numeracy Program - LLNP providers are funded to make free service available where it is needed - individuals referred by JSA/Disability Employment Service (DES) or Centrelink.

Indigenous Employment Program Tailored Assistance - can provide cultural competency, workforce strategy development, brokerage. It can guide

and provide training in addition to or complementary to JSA for work readiness. For pre-vocational and vocational training it can provide job placement, mentoring and other support. For job placement, support and adding skill sets it can provide mentoring and other support and can pay for some training.

Workforce Innovation Program (WIP) - can support a range of activities to help address industry or regional skills needs. WIP is very flexible like IEP - can be used in combination with IEP.

Industry and Indigenous Skills Centres program - projects to improve delivery of Vocational Education & Training to Indigenous students.

Work Experience (WE) - job seekers are referred by JSA to a suitable activity including social enterprise. Work Experience providers are funded depending on demand in a given location.

Australian Apprenticeships Access Program - industry driven - providers are funded to run courses in consultation with local employers

Indigenous Youth Mobility Program (IYMP) – for pre-vocational and vocational training individuals can apply for support move away from home to train or take up employment.

Indigenous Employment Program Tailored Assistance - can guide and provide training in addition to or complementary to JSA.

Through the **National Workforce Development Fund (NWDF)** the Australian Government will provide \$700 million over five years to industry to support training and workforce development in areas of current and future skills need. Under the Fund, organisations can identify their current and future business and workforce development needs and apply for funding to support the training of existing workers and new workers in areas of shortages. (FMG has recently won \$1.5m)

14 Appendix 8: Ministerial Press Release on Remote Jobs and Communities Program

Jobs and sustainable communities for people in remote Australia

26 April 2012

Joint Media Release with:

Bill Shorten MP, Minister for Employment and Workplace Relations

Julie Collins MP, Minister for Indigenous Employment and Economic Development

The Australian Government today announced significant changes to remote employment and community development services to help more people get into jobs and participate in their community.

From 1 July 2013, the new \$1.5 billion Remote Jobs and Communities Program will provide a more integrated and flexible approach to employment and participation services for people living in remote areas of Australia.

The Remote Jobs and Communities Program will see jobseekers assisted by a single provider with a permanent presence in their region, ensuring they are getting better support to get the skills needed to get a job.

It will also ensure people who are not working are participating in activities that contribute to developing strong and sustainable communities.

Consultations held last year in remote communities across remote Australia last year found that current services are providing short term help but are not delivering the long term results that are needed.

People told us they want to see one employment services provider in their community, offering better training and support to get local people into jobs. A job contributes strongly to personal, social and economic development and is essential to closing the gap on Indigenous disadvantage.

This new program will build on the strengths of existing employment and participation and community programs, while providing a more flexible and responsive service to better meet the needs of people living in remote Australia.

The four main programs currently delivering employment and participation services and community development in remote Australia - Job Services Australia, Disability Employment Services, Community Development Employment Projects (CDEP) and the Indigenous Employment Program – will be rolled into the new integrated service.

The key features of the new program are:

A single, local point of call for job seekers

Jobseekers in remote areas will be assisted by a single Remote Jobs and Communities provider with a permanent presence in the region. This will provide people with better service on the ground, rather than the fly-in-fly-out support that currently operates in many places.

Jobseekers will get personalised support from this single, local point of call, ensuring they are assisted to have the right skills needed to match local job opportunities.

Better support to get people ready for work and strengthen communities

Communities in remote Australia have told us that people need support to get job ready.

We want people to get the skills they need, while also benefitting their community. We know that some people are currently not participating in meaningful activity and that participation activities haven't always worked to strengthen communities or build the skills people need.

To achieve this:

- Remote Jobs and Communities providers will work in partnership with the community to develop a Community Action Plan, which sets out employment, economic and community development goals.
- A new flexible \$508 million Participation Account will allow Remote Jobs and Communities providers to develop activities that help people get ready for work and also benefit their community, such as local social enterprises.
- The Participation Account will also allow Remote Jobs and Communities providers to support people to overcome barriers to employment, with services such as literacy and numeracy training or support to tackle alcohol and drug abuse.
- A new \$240 million Community Development Fund will support meaningful participation projects developed by the community to get people ready for work.

The 'No Show No Pay' rule will be applied in remote areas. People who fail to participate will have their payments suspended.

Local service providers

To ensure strong local involvement, we want to see Indigenous and other organisations with a connection to the community taking up the opportunity to become Remote Jobs and Communities providers.

Providers will be offered a five year funding agreement, with options for further extensions up to five years, to give greater certainty to providers and communities.

We will provide \$15 million to help strengthen local Indigenous organisation's governance and capacity in the lead up to the model commencing on 1 July 2013.

A strong pathway to employment for young people

A new flagship program for youth, Remote Youth Development and Leadership Corps for people aged under 25, will provide 3,000 young people each year with a clear pathway to employment.

Building on the success of the Indigenous Rangers program, the Remote Youth Development and Leadership Corps will provide a nine to twelve month program geared towards making a successful transition from school into real employment opportunities for young people.

It will focus on providing work-experience in jobs that are available in or near their community. For example in mine regeneration work, office work, farm or station work, building and maintenance and environmental land management.

There will be mentoring by local leaders and training providing at the Certificate II level.

The Australian Government will be working with state and territory governments and employers to provide employment opportunities for Youth Corps participants.

CDEP wages

Eligible people who, under grandfathered arrangements, are currently still receiving CDEP wages will continue to receive wages for the first five years of participation in the new model. These people have been participating in CDEP for long periods of time, since before 2009, and many face significant barriers to employment.

There are currently about 500 participants in CDEP activities outside the 65 Remote Service Regions, where Job Services Australia contracts are in place until 30 June 2015. The Government will provide \$2.5 million to ensure these communities continue to have access to participation activities delivered through Job Services Australia providers.

The Government would like to thank all the people and communities who participated in the extensive consultations that helped to shape this new model.

We also thank the members of the Remote Participation and Employment Services Panel for their work in driving the consultation process.