

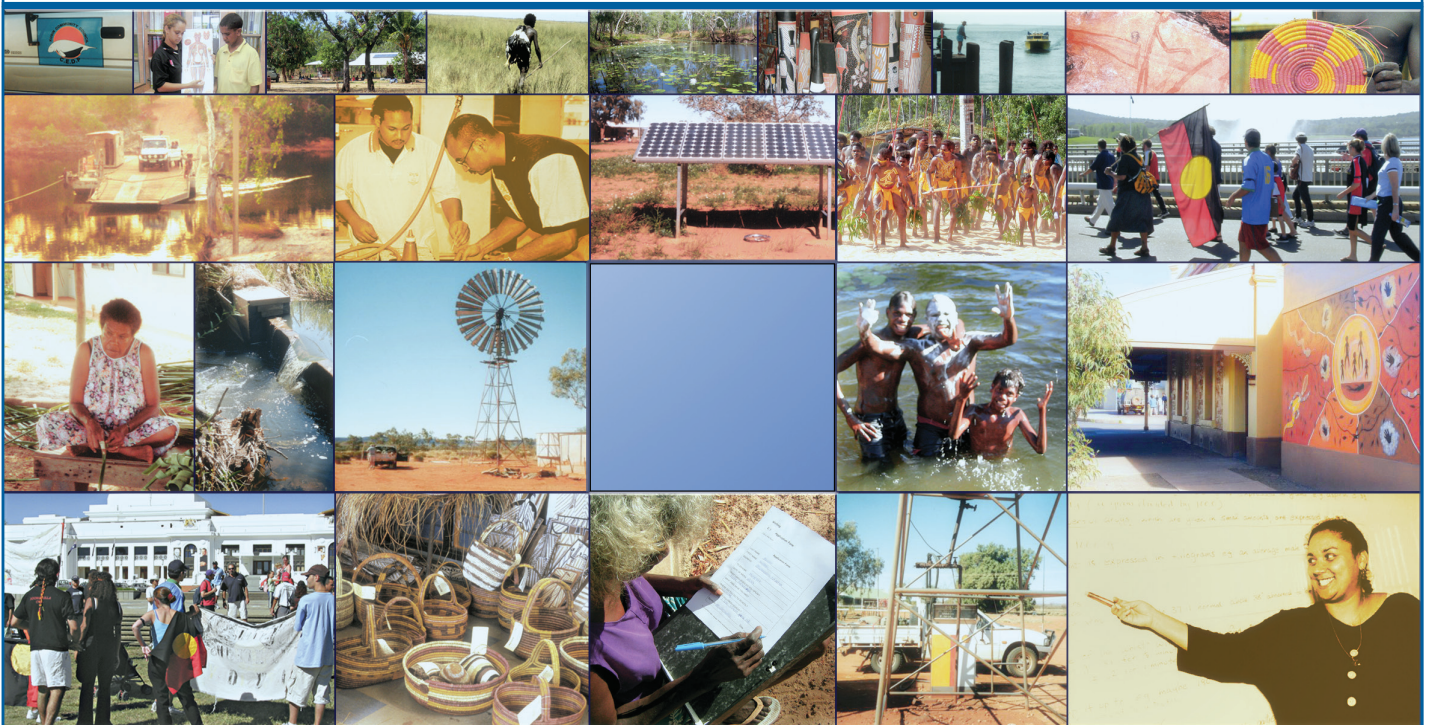
CENTRE FOR ABORIGINAL ECONOMIC  
POLICY RESEARCH



# Corporate Initiatives In Indigenous Employment: The Australian Employment Covenant Two Years On

K. Jordan and D. Mavec

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# Corporate initiatives in Indigenous employment: The Australian Employment Covenant two years on

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## ABSTRACT

The Australian Employment Covenant (AEC) was launched on 30 October 2008 with the bold goal of creating 50,000 new jobs for Indigenous Australians within two years. At the end of this ambitious timeframe, the scheme has succeeded in securing more than 20,000 job pledges from employers. This is a commendable achievement, but estimates put the number of Indigenous job placements under the scheme at around 2,800, clearly well short of the original goal. The AEC has publicly backed away from its initial two-year timeframe and there has been some recent suggestion that its original target referred only to 50,000 job pledges. However, this is at best confusing, with public documents stating that the goals of the AEC initiative included the 'placement of 50,000 Indigenous people into work' (AEC n.d.-a). This paper examines the nature of the AEC and its relationship with government as well as exploring why the rate of actual job creation might have been much lower than anticipated. It first sets out the scale of the challenge entailed in creating 50,000 new jobs for Indigenous Australians, with data suggesting that this was always an impossibly ambitious goal. It then examines outcomes in three areas: the number of jobs pledged; estimates of the number of job placements; and estimates of retention rates to 26 weeks. A key point to note is that available evidence has been very limited, making any assessment of the efficiency of government spending impossible and raising important questions about accountability and transparency in the expenditure of public funds. The paper concludes with a discussion of some of the factors likely to be constraining Indigenous labour supply. It argues that while the AEC may add value to existing employment programs—particularly by securing increased employer demand for Indigenous workers—a more flexible approach to employment services might prove more effective in increasing sustainable employment outcomes among Indigenous people.

**Keywords:** Australian Employment Covenant, Indigenous employment, cultural dissonance, accountability

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## EXECUTIVE SUMMARY

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1. On 30 October 2008, then prime minister Kevin Rudd and Andrew Forrest, CEO of Fortescue Metals Group, launched the Australian Employment Covenant (AEC) with the goal of creating 50,000 jobs for Indigenous Australians within two years (DEEWR 2008). While the two-year timeframe has since been removed, this paper seeks to identify the structure and activities of the AEC and provide a timely review of its progress in meeting its stated goals.
2. Some recent reports suggest that the aim of the AEC is to secure 'the *commitment* of 50,000 jobs for Indigenous Australians' (see for example BCA 2010: 27, our emphasis). However, the wording of the formal agreement between the AEC and the Commonwealth Government identifies that the original aims included an aspiration to 'secure 50,000 sustainable jobs *filled* by Indigenous Australians' (AEC 2008b: 1, our emphasis). Similarly, the AEC website lists the scheme's goals as including the 'placement of 50,000 Indigenous people into work' (AEC no date-a). If the original goal of the AEC related only to job pledges from employers, then these statements are at best confusing.
3. Indigenous Australians have much higher rates of unemployment than other Australians. They are also more likely than other Australians to be long-term unemployed or discouraged workers. If the aim of programs like the AEC is to alleviate Indigenous economic and social marginalisation, then increasing the Indigenous labour force participation rate and improving employment outcomes for the Indigenous long-term unemployed should be priority goals.
4. However, Indigenous labour force data suggest that a target of 50,000 jobs in two years was always impossibly ambitious, with only around 22,000 Indigenous jobs created in the five years to the last census (SCRGSP 2009). This was a period of strong job creation and economic growth.
5. The AEC works on a tripartite framework in which employers reserve a specified number of jobs for Indigenous employees (these are 'Covenant Jobs'); Indigenous people agree to commit to one of these jobs; and the federal government provides pre-employment training tailored to the specific requirements of the employer (AEC 2008b; DEEWR 2008). This training is delivered under existing mechanisms, especially the Indigenous Employment Program (IEP). To this extent, the AEC operates largely to increase employer demand for Indigenous workers and refer interested employers to existing training schemes and providers.
6. The AEC has been very effective in securing job pledges. At the time of writing, more than 20,000 jobs have been pledged under the scheme. These jobs are spread across 135 employers and 15 industries (AEC no date-a). There is some recent evidence that the AEC may be contributing to a broader trend towards increased corporate commitment to Indigenous employment and engagement strategies (BCA 2010).
7. Employers who sign up to the AEC are asked to informally 'guarantee' jobs to Indigenous applicants who successfully complete appropriate training. This creates an incentive for Indigenous job-seekers to undertake the required training and seeks to avoid the well-established problem of encouraging training simply for training's sake.
8. Not all of the jobs pledged under the scheme have yet translated into available positions. In signing up to the AEC, employers guarantee that a certain number of jobs will be made available for AEC participants as vacancies arise in the normal course of business. At the time of writing, it is difficult to discern from publicly available data how many jobs are currently available, but it appears there are in the order of 350 (AEC 2010).

9. The job guarantee is an informal one and, unless the employer specifies that the advertised job is only open to Indigenous applicants, we understand that it operates in effect somewhat like an affirmative action scheme. That is, all suitable applicants may be considered, but if there are two or more applicants and one is from the target group, the latter applicant will usually be preferred (M. James, pers. comm., 2 September 2010). The effect of this arrangement is that unless AEC jobs are quickly filled by Indigenous job-seekers they may be taken by other applicants. While this should mean that the number of AEC jobs pledged by the employer rolls over into some future recruitment period, it also means that the number of jobs promised might not ever translate into this many jobs for Indigenous Australians. While this is not necessarily a flaw in the scheme, it does suggest that quoting the number of job pledges as evidence of the AEC's success in improving Indigenous employment prospects is somewhat misleading.
10. Assessment of the AEC's success should also include the number of job commencements and retention rates under the scheme. Unfortunately, the AEC has not yet been able to collect accurate data on these outcomes. However, their estimates are that around 2,800 Indigenous people have been placed into AEC jobs to date (M. O'Sullivan, pers. comm., 27 October 2010). This figure is clearly well short of the stated goal of placing 50,000 Indigenous people into work. If the estimate is accurate it may nonetheless be a significant outcome, but whether this is the case is impossible to determine without additional information. Any reliable assessment requires data on retention rates (to 26 weeks as well as beyond) and would need to control for substitution effects and selection biases.
11. Substitution effects mean that in order to understand the effects of the program on actual job creation, one must know whether the successful job placement and retention of one individual has come at the expense of another (Hunter, Gray & Chapman 2000: 14). They are important in understanding the impact of the AEC, because several AEC employers also have Reconciliation Action Plans. Under these plans employers may have already committed to Indigenous employment targets, so it is impossible to know whether a position they have offered under the AEC would have been filled by an Indigenous job-seeker anyway. The issue here is not the outcome: increased Indigenous employment can be judged a positive outcome regardless of which scheme is responsible. Rather, it is a technical question of isolating the effects of the AEC in order to accurately assess its additional contribution. Similarly, to understand the job placement outcomes of the AEC, its effects would have to be separated out from the parallel activities of Job Services Australia providers and the IEP.
12. Selection bias refers to the probability that the number of job placements a program achieves indicates, at least in part, the self-selection of the least disadvantaged job-seekers (see DEWR 2002: 3; Hunter, Gray & Chapman 2000: x). Self-selection biases are important in understanding the net effects of employment programs because they increase the likelihood that outcomes will be skewed upward by those who may have found employment without intensive assistance.
13. Assessing the effectiveness of the AEC requires attention not only to the 'value added' of the scheme but also to the 'value for money' of public investment in it. To the best of our knowledge, the full details of this investment have not been made public. This raises important questions about transparency and accountability in the expenditure of taxpayer funds. The Commonwealth Government has committed at least \$4 million to the AEC, including start-up funding and a 'long-term funding model based on the achievement of outcomes' (Commonwealth of Australia 2010b: 8), but it is not clear whether this is the total amount of funding committed or a proportion of it. Outcome payments can be made to the AEC on the basis of job pledges, job placements and employee retention to 26 weeks.

According to AEC National Manager Matthew O'Sullivan (pers. comm., 27 October 2010), to date the AEC has not claimed outcome payments for job placements or retention because their own data on these outcomes are inadequate for this purpose. It has received outcome payments for job pledges.

14. The reasons why Indigenous employment rates are comparatively low are well-established and very complex. They include structural disadvantages such as the history of marginalisation, exclusion from mainstream institutions and under-resourcing of essential services (Altman 2006). For some Indigenous people, limited English literacy and numeracy and the lack of experience in holding a regular job can put employment even in low-skilled occupations out of reach. These problems are recognised by the AEC (see BCA 2010: 27).
15. However, neither the AEC nor the Commonwealth Government have adequately acknowledged the potential impact of valid cultural considerations on Indigenous employment needs. Among some Indigenous Australians the 'normative logic' of a sequenced pathway from the individual pursuit of educational credentials to entry into paid employment is a relatively new notion (Kral 2010: 1). It may be at odds with socio-cultural systems in which value and meaning derive from kin-based obligations that may take precedence over work commitments. Efforts to force change in such cultural constructs will at best be slow and require much more intensive investment than short-term pre-employment training or post-employment mentoring. At worst, they may undermine highly valued socio-cultural forms and social cohesion.
16. Until more detailed information is released about the AEC's outcomes and its agreements with government, it is not possible to assess how well taxpayer dollars are translating into sustainable jobs under the scheme. After two years greater public disclosure about the program is in all our interests.

## INTRODUCTION

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Two years ago, then prime minister Kevin Rudd and Andrew Forrest, Chief Executive Officer (CEO) of Fortescue Metals Group, launched the Australian Employment Covenant (AEC) with the bold goal of creating 50,000 jobs for Indigenous Australians within two years (Department of Education, Employment and Workplace Relations (DEEWR) 2008). At the end of this ambitious timeframe, the covenant—launched on 30 October 2008—has succeeded in securing more than 20,000 job promises from 135 employers across 15 industries (AEC n.d.-a). Arguably, this demonstrates an impressive amount of corporate goodwill, particularly since the early phase of the project occurred at a time of significant macroeconomic uncertainty. As will be discussed below, however, the initiative has faced complex challenges, and so far has only succeeded in placing an estimated 2,800 Indigenous people into jobs.<sup>1</sup> The retention rate for these job placements is not yet known. The AEC has now publicly backed away from its initial two-year timeframe.<sup>2</sup> Nonetheless, there are important questions about why—given the apparent enthusiasm of prospective employers—the level of actual job creation under the scheme has been so comparatively low.

There is little dispute that increasing the number of Indigenous people in appropriate paid work is a desirable social and policy goal. Available data consistently show that Indigenous Australians have much lower rates of employment participation and much higher rates of unemployment than other Australians (Australian Bureau of Statistics (ABS) 2010; Steering Committee for the Review of Government Service Provision (SCRGSP) 2009). Successive federal governments have placed great emphasis on addressing this disparity, with the current commitment clearly articulated in the Council of Australian Governments (COAG) framework for 'Closing the Gap' on Indigenous disadvantage. One of the six Closing the Gap targets is halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade (COAG 2008).

To reach this target at least an additional 100,000 Indigenous Australians will need to find and keep paid work by 2018 (Biddle, Taylor & Yap 2008; Commonwealth of Australia 2009b). The most recent census data (SCRGSP 2009) put the total number of Indigenous Australians with jobs at around 122,000 (and the number of unemployed at approximately 23,000), so getting an additional 100,000 Indigenous people into paid work is clearly a major challenge. This is particularly apparent since in the five years to 2006—a period of strong job creation and economic growth—the number of Indigenous workers increased by only around 22,000.<sup>3</sup> Even if this substantial growth in Indigenous employment were to continue over the next decade it would fall well short of the government's stated aims (see also Altman, Biddle & Hunter 2008; Hunter 2009). Moreover, recent estimates suggest that the post-census years have actually seen a deterioration in Indigenous employment outcomes, with a significant increase in the number of Indigenous Australians who are unemployed (ABS 2010; Altman & Biddle 2010).

In this difficult environment of relatively poor employment outcomes, the AEC's stated goal of getting 50,000 more Indigenous Australians into paid work within two years may have seemed particularly attractive to its government backers. Certainly, Kevin Rudd's support for it was in keeping with his government's emphasis on involving the corporate sector in reaching Indigenous employment targets. The 2009–10 federal budget detailed funding for a 'Business Action Agenda' to further engage the corporate and not-for-profit sectors in addressing Indigenous disadvantage (Commonwealth of Australia 2009a). In both of its annual 'report cards' on closing the gaps—released in February 2009 and a year later in 2010—the government has not only made it clear that it is relying on private sector initiatives to help improve Indigenous employment outcomes, but has also highlighted the AEC as one important venture in this regard (Commonwealth of Australia 2009b, 2010b). In the lead-up to the recent federal election, the

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### AEC:

Australian  
Employment  
Covenant

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### DEEWR:

Department  
of Education,  
Employment  
and Workplace  
Relations

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### ABS:

Australian Bureau  
of Statistics

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### SCRGSP:

Steering Committee  
for the Review  
of Government  
Service Provision

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### COAG:

Council of  
Australian  
Governments

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Coalition also identified its support for the AEC, stating that if it were elected into government it would inject substantial new funds into the scheme and even extend it to some non-Indigenous job-seekers<sup>4</sup> (Liberal Party of Australia 2010a: 8, 2010b: 6).

This paper seeks to do three things. First, it reflects briefly on available data to illustrate the scale of the challenge involved in attempting to create 50,000 new Indigenous jobs. It then details the structure and activities of the AEC and provides a timely review of its progress in meeting its stated goals. Key outcomes explored include the number and nature of job pledges, rates of job placement and retention, relations with government and the transparency of AEC funding, achievements and processes. Lastly, the paper explores the complex challenges faced by the AEC, drawing on long-standing debates about Indigenous disadvantage, aspirations, and the appropriate legislative and policy response.

## THE EMPLOYMENT CHALLENGE

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Efforts to improve Indigenous employment outcomes are often framed as tackling Indigenous unemployment. That the challenge rests on unemployment rates may seem like common sense, but data indicate that while a large proportion of Indigenous Australians are unemployed, many more are outside the labour force (that is, not employed and not formally looking for work). Hence, as this section shows, getting 50,000 more Indigenous people into paid work is likely to require both decreasing the rate of Indigenous unemployment (getting more people to move from unemployment into paid jobs) and increasing the Indigenous labour force participation rate (getting those not looking for work to do so). The differences between the unemployed and those outside the labour force are discussed in more detail below.

## INDIGENOUS UNEMPLOYMENT

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The Indigenous unemployment rate<sup>5</sup> declined in the years of rapid economic growth prior to the last census but, as noted above, appears to have increased again since that time. It remains considerably higher than the rate for the non-Indigenous population. To take the best case scenario for Indigenous employment prospects, this section focuses largely on census data for 2001 and 2006 (when Indigenous employment outcomes improved more than in any other recorded period). Some attention is also given to the more recent estimates of Indigenous labour force status produced by the ABS, and the policy implications of this apparent turn in fortunes since the last census.

It should be noted at the outset that any discussion of Indigenous employment and unemployment statistics faces the immediate problem of data quality. As should already be apparent there are two primary sources of data with which to assess employment trends: the five-yearly Census of Population and Housing (the census); and the usually annual Labour Force Survey (LFS), both of which are produced by the ABS.<sup>6</sup> Because of methodological differences, the two data sets cannot be compared. More importantly, each of them has significant limitations in reliability. This poses an enormous problem for policy frameworks such as the COAG 'Closing the Gap' approach which, to be meaningful, requires clear benchmarks and a reliable way of measuring both absolute and relative changes over time.<sup>7</sup>

To briefly summarise what are quite complex issues, the LFS is used for official estimates of labour force status and has an advantage over the census in that the latter tends to undercount the number of Indigenous Australians.<sup>8</sup> The LFS reduces this problem by ignoring incomplete surveys and then adjusting the data to account for non-responses. While the survey only covers a small proportion of the population (with just over 3,000 people in the 2009 survey identifying as Indigenous), data are then weighted to

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**LFS:**  
Labour Force  
Survey

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**Table 1. Unemployment rates and levels, Indigenous and non-Indigenous Australians aged 15–64 years, 2001 and 2006**

	Unemployed '000		Unemployment rate (%)		Gap in unemployment rate (%)
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous minus non-Indigenous
2001	24.9	628.8	20.0	7.3	12.7
2006	22.5	471.2	15.6	5.1	10.5

**Note:** Based on usual place of residence.  
**Source:** Census data, derived from SCRGSP 2009.

population benchmarks to produce estimates for the entire Indigenous adult population.<sup>9</sup> The LFS has a second advantage in that the census relies on only four questions to determine labour force status while the LFS uses up to 30.<sup>10</sup>

However, while the ABS acknowledges the problems of undercount in the census, it also notes that the Indigenous estimates in the LFS have significant standard errors (due largely to the relatively small sample size) and may not be reliable for remote areas.<sup>11</sup> In addition, Indigenous estimates from the LFS are not suitable for direct comparisons to non-Indigenous data.<sup>12</sup> Census data allow a more reliable comparison across Indigenous and non-Indigenous populations and are therefore useful in assessing changes in the disparities between the two groups. For these reasons, the discussion here focuses largely on census data. Readers should bear in mind, though, that the figures presented remain subject to limitations.<sup>13</sup> More detail about data quality, including a comparison of census and LFS data, is provided in Appendix 1.

Census data show that between 2001 and 2006 the number of Indigenous people who were unemployed decreased from around 25,000 to 22,500 (Table 1). Since the number of Indigenous people with paid jobs increased substantially at the same time (according to the census, by around 22,000 people), this corresponds to a notable decline in the Indigenous unemployment rate—from 20.0 per cent to 15.6 per cent. However, while the gap between the Indigenous and non-Indigenous unemployment rates closed slightly in the period, by 2006 Indigenous Australians were still more than three times as likely to be unemployed as the rest of the Australian population.

The most recent Indigenous labour force data available suggest that the situation may have deteriorated since the 2006 census. To some extent this is not surprising, given that the census was taken during a period of substantial economic growth and the macroeconomic climate subsequently became much more uncertain. In periods of macroeconomic downturn, job applicants with comparatively low skills have to compete with a bigger pool of job-seekers—including those with much stronger formal qualifications—than would usually be the case. They may also fall victim to 'Last In, First Out' accounting, in which low-skilled employees who were the last to be hired during a period of economic growth are then the first to be shed when the business cycle turns (Hunter 2009: 8–9).

According to the LFS, the unemployment rate among Indigenous people of working age grew from 13.8 per cent in 2006 to 18.1 per cent in 2009 (ABS 2010: 16).<sup>14</sup> This is a significant increase (that is, even when standard errors are taken into account).<sup>15</sup> A breakdown of Indigenous labour force status by State/Territory lends some support to the notion that the global financial crisis contributed to this change. For example, between 2008 and 2009 by far the biggest increase in Indigenous unemployment rates was in Western Australia and Queensland (ABS 2010: 17). These two States are the most dependent on the

resources sector, which was heavily hit during the financial crisis by falling prices and demand. According to news reports, by mid-2009 more than 5,000 mining jobs had been lost in Queensland (McCarthy 2009) and around 20,000 lost in Western Australia (Wright 2010).

It is not possible to be definitive about the relative contributions of the economic crisis and other factors like policy decisions on worsening Indigenous unemployment outcomes. For example, it is not clear how many of the mining jobs lost in Queensland or Western Australia, or those in ancillary industries, had been held by Indigenous workers. And it is likely that the higher Indigenous unemployment rate reflects, at least in part, recent policy changes such as the winding back of the Community Development Employment Projects (CDEP) scheme (see Altman & Biddle 2010). It will be up to future data collections to identify whether Indigenous unemployment rates return to pre-crisis trajectories as the economy returns to stronger economic growth.

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### CDEP:

Community  
Development  
Employment  
Projects

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### LONG TERM UNEMPLOYMENT AND UNDEREMPLOYMENT

Among the unemployed, Indigenous people are more likely than other Australians to be long-term unemployed, where this is defined as having been unemployed for 12 months or more. In 2004–05, around 4.7 per cent of the total Indigenous labour force was in this category. This was much higher than the equivalent non-Indigenous rate of 0.9 per cent. As a proportion of the total unemployed, Indigenous long-term unemployment reached as high as 41.6 per cent, which compares to only 27.4 per cent for the non-Indigenous unemployed<sup>16</sup> (SCRGSP 2009: 4.67–4.68).

The long-term unemployed tend to have lower levels of formal education and lower skills than others in the labour market, and by definition are excluded from work experience for long periods. This can have serious implications for future employment prospects, with the long-term unemployed often overlooked by potential employers (Chapman & Kapuscinski 2000) and remaining only tenuously attached to the labour market over time (Dockery & Webster 2001).<sup>17</sup> Because long-term unemployment is sometimes associated with reduced mental and physical health and increased financial stress and social isolation (McClelland 1993), it is a feature of the labour market that warrants particular concern.<sup>18</sup> If the aim of programs like the AEC is to alleviate Indigenous economic and social marginalisation, then improving employment outcomes for the Indigenous long-term unemployed should be a priority goal.

As well as having higher rates of unemployment and long-term unemployment, Indigenous Australians are overrepresented among the underemployed. Underemployment refers broadly to the underutilisation of labour. In this paper it is understood to include workers who are employed for fewer hours than they would like to work (involuntary part-time employment), and workers who are employed to undertake tasks that require a lower skill level than they possess.<sup>19</sup> Addressing these kinds of underemployment is not a key concern in the AEC or COAG employment targets (that both relate to getting more Indigenous people into jobs). Nonetheless, if the AEC can open up employment opportunities that better utilise current Indigenous employees' skills and work capacities than their present jobs, then reducing Indigenous underemployment is a possible outcome.

There is little direct evidence about the current extent of Indigenous underemployment, but some inferences can be made from existing data. The 2006 Census showed that Indigenous workers were overrepresented among the part-time labour force.<sup>20</sup> Among employed Indigenous people of working age, 36.6 per cent held part-time jobs, compared to 30.9 per cent of the corresponding non-Indigenous group (SCRGSP 2009). The census does not identify the proportion of part-time workers who want to work longer hours, but Hunter and Taylor (2002) have used the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS)—the latest year for which appropriate data are publicly available—to show that over one-quarter (27.6%) of Indigenous workers at that time would have preferred more hours of

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### NATSIS:

National Aboriginal  
and Torres Strait  
Islander Survey

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work. They noted that underemployment was less prevalent among the non-Indigenous workforce. This is supported by ABS data that—while not strictly comparable—show that in July 1994 around 6.3 per cent of the total Australian workforce were working part-time but wanted to work more hours (ABS 1994).<sup>21</sup>

One factor contributing to the overrepresentation of Indigenous people among the underemployed at that time may have been Indigenous participation in the (usually part-time) CDEP scheme. The 1994 NATSIS showed that Indigenous workers in CDEP positions were twice as likely as other Indigenous employees to be working fewer hours than they would like (50.0% compared to 19.7%) (Hunter 2002). This does not suggest that part-time hours are necessarily antithetical to Indigenous interests. Indeed, for some Indigenous people part-time hours allow the flexibility to participate in other forms of activity—such as hunting, fishing and ceremony—that contribute to livelihood, cultural maintenance and personal empowerment (Altman, Buchanan & Biddle 2006; Hunter & Taylor 2002). It needs to also be noted that, according to 2002 data, most CDEP participants have worked more than the required minimum hours per week, including many who have worked full-time (Altman, Gray & Levitus 2005: 11). Moreover, in many cases—particularly in remote areas—part-time work under the CDEP scheme may be the only viable alternative to unemployment.

A further concern here is that survey respondents who say they would like to work more hours may be unable or unwilling to commit to those extra hours in practice, particularly when faced with alternative demands on their time. To paraphrase anthropologist Marvin Harris (1971: 149), there is no error more common or devastating than to confuse what people say, wish, dream, and believe they would do with what they would actually do. Nonetheless, the available evidence does point to high rates of Indigenous underemployment and financial insecurity, with peoples' stated desire to work additional hours likely reflecting—at least in part—a desire for greater income (Hunter 2002).<sup>22</sup>

While the above discussion points to inadequate data on involuntary part-time employment among Indigenous people, there is even less available evidence about the level of utilisation of Indigenous workers' skills. One exception is a qualitative study of career aspirations among young Torres Strait Islanders (Arthur & David-Petero 2000), in which interview participants identified much of the work carried out under CDEP schemes—the main source of employment on most islands in the Torres Strait—as boring and relatively meaningless. Clearly, this is not a definitive indicator of skills utilisation, but it is arguably a reasonable proxy indicator for work that fails to challenge employees by putting their skills to best use. There are two reasons, though, for not reading too much into this finding. First, the study is by no means representative of all CDEP participants. Second, it should be noted that interview participants identified some types of CDEP activities as more rewarding, with full-time employment, traineeships and apprenticeships that had been created within the scheme all being locally valued.

It is not possible to ascertain how Indigenous underemployment rates have changed in recent years because up-to-date data do not exist. However, a likely outcome is that rates have declined somewhat, at least until the recent economic downturn. This inference is made on the basis of census data that show that the proportion of Indigenous employees who worked full-time in the private sector increased in the five years to 2006, as did the proportion of Indigenous workers in high-skilled and well-paid occupations (Biddle, Taylor & Yap 2008: 22, 28). Participation in the CDEP scheme has also declined markedly, although it is far from clear whether the majority of former participants have secured alternative, let alone full-time, employment.

**Table 2. Labour force status of Indigenous Australians aged 15–64 years, 2001 and 2006**

	Employed '000	Unemployed '000	Total labour force '000	Not in labour force '000	Labour force participation rate %
2001	99.6	24.9	124.5	105.9	54.1
2006	121.5	22.5	144.1	109.4	56.8

Note: Based on usual place of residence.  
Source: Census data, derived from SCRGSP 2009.

## LABOUR FORCE AND EMPLOYMENT PARTICIPATION

While unemployment and underemployment are key indicators of labour market outcomes, getting 50,000 more Indigenous people into paid work will rely not only on reducing unemployment, but also on increasing Indigenous participation in the labour force. This is clearly demonstrated in Table 2, which shows that at the time of the 2006 Census the pool of Indigenous unemployed was only around 23,000 people. At the same time, the pool of Indigenous people of working age who were outside the labour force (that is, neither working nor seeking work) was over four times as large, at around 109,000 people.<sup>23</sup>

Table 2 also shows that the proportion of Indigenous people of working-age who participate in the labour force (the 'labour force participation rate') increased in the last intercensal period (from 54.1 to 56.8%). However, by 2006 it remained well below the non-Indigenous rate of 75.5 per cent (SCRGSP 2009).

There are many reasons why Indigenous Australians may be overrepresented among those not in the labour force. People outside the labour force include those who are retired, caring for others, prevented from working because of a disability, studying full-time and not seeking paid work, or working full-time outside the mainstream labour market (such as in unpaid child care or domestic work). Indigenous Australians are disproportionately represented among those with disabilities and chronic disease, and are overrepresented among those on the disability support pension (SCRGSP 2009).<sup>24</sup> ABS data also indicate that Indigenous people are overrepresented among those caring for others (such as the frail aged or those with disabilities or long-term illnesses), and that carers are less likely to be employed and more likely to be outside the labour force than other Australians (Edwards et al. 2009).

It is important to note that being outside the labour force does not necessarily indicate the absence of desire to participate in paid work. For example, those not in the labour force also include discouraged workers, broadly defined as people who want to work but are not actively looking for jobs (Hunter & Gray 2001).<sup>25</sup> Several studies suggest that Indigenous Australians may be significantly overrepresented among discouraged workers. Using data from the mid-1990s, Gray and Hunter (2005) have compared the labour market transitions of the Indigenous and non-Indigenous unemployed over a period of 15 months. They show that among those out of work at the beginning of the period, Indigenous Australians were much more likely than other Australians to have left the labour force (and much less likely to have moved into paid work) 15 months on.<sup>26</sup> Using a different data set from around the same time, Hunter and Gray (2001) have shown that Indigenous Australian men were four times more likely than other Australian men, and Indigenous women three times as likely as other women, to be discouraged workers.<sup>27</sup>

Unfortunately, more recent statistical publications for Indigenous Australians do not identify the desire of those not in the labour force to participate in paid work, so it is not possible to make definitive statements about the current representation of Indigenous people among discouraged workers.<sup>28</sup> As noted above, there have been considerable changes in Australia's macroeconomic and policy environments since the mid-1990s that would no doubt have influenced individuals' opportunities and motivations to find work. In particular, the prolonged period of substantial economic growth until mid-2008 could be expected to have reduced the number of discouraged workers at least until the economic downturn, and it would not be surprising if the numbers have subsequently risen.<sup>29</sup>

The relatively low labour force participation rate of Indigenous Australians even in the 'peak' employment period up to 2006<sup>30</sup>—as well as locational constraints and ongoing Indigenous disadvantage in levels of formal education, training and workplace experience—would be consistent with the continued overrepresentation of Indigenous people among discouraged workers. If the AEC is to reach its target of getting 50,000 more Indigenous Australians into paid work, increasing the Indigenous labour force participation rate—and by implication reducing the numbers of discouraged Indigenous workers—must be a priority goal.

## THE AUSTRALIAN EMPLOYMENT COVENANT

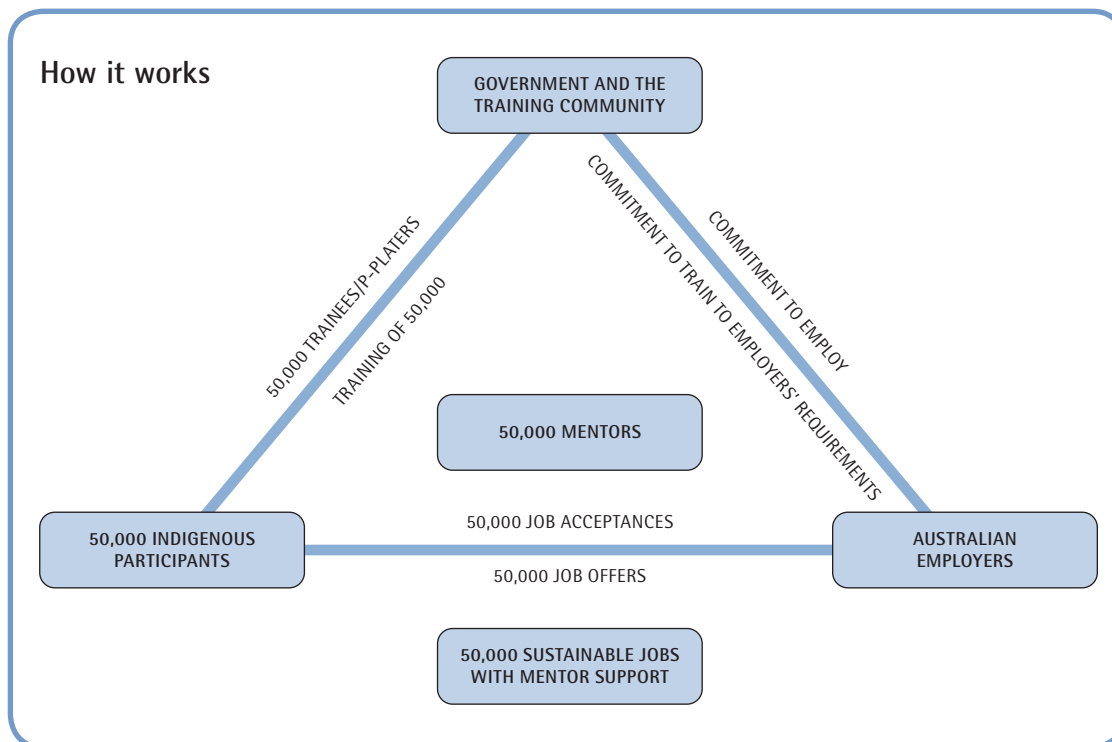
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Billed as creating a pathway from 'welfare to wellbeing' (AEC n.d.-c), the AEC is designed to assist Indigenous people who are out of work and receiving social security benefits get a job. It promotes employment as a way to ensure that Indigenous Australians 'achieve their full potential as productive members of Australian society' (GenerationOne 2010) and seeks to demonstrate to Indigenous students that 'welfare is not an option' (AEC n.d.-c: 3). Based on these goals, it can be assumed that the AEC is most focused on addressing the problems of unemployment and low labour force participation rates, including the tendency of some Indigenous job-seekers to become discouraged workers. In launching the AEC Kevin Rudd (2008a) lauded its intentions, arguing that 'the most basic form of social justice available to any person at any time and in any place ... is the right to a job.'

This section outlines the structure and design of the AEC. The information provided is derived largely from the AEC website and government publications, and while all care has been taken to ensure accuracy, it is possible that some aspects of the AEC's operation have differed from its publicly stated plans. According to these sources, though, the AEC operates on a tripartite framework in which employers (whether public, private or non-government organisations) reserve a specified number of jobs for Indigenous employees (these are 'Covenant Jobs'); Indigenous people agree to commit to one of these jobs and remain in employment for a minimum period of 26 weeks; and the federal government provides pre-employment (or 'Job Set') training tailored to the specific requirements of the employer (AEC 2008b; DEEWR 2008). While the 'job guarantee' is not legally binding, the promised job is open to the applicant on the condition of completing the training, and as a further measure to assist the transition into work, every Indigenous person employed under the scheme is supposed to be paired with a mentor (or workplace 'Hero') for at least their first 26 weeks of work (AEC n.d.-b, n.d.-d).<sup>31</sup>

As well as targeting the unemployed, the AEC includes a 'P Plate' program that is aimed at Indigenous school students. Under this scheme—which will be implemented in 2011—Indigenous students will be encouraged to take up work experience and training opportunities so that they are 'job ready' upon leaving school.<sup>32</sup> If they successfully complete their schooling and work-based training, students will be informally guaranteed a full time job with an AEC employer (AEC n.d.-a). The tripartite AEC framework is illustrated in Fig. 1 and the responsibilities of each actor participating in the program are set out in more detail below.

**Fig. 1. The Australian Employment Covenant framework**



Source: AEC n.d.-c: 2.

## HOW THE COVENANT WORKS

As an organisation the AEC has several branches, including a national 'Indigenous engagement team', a 'business development team' and an 'implementation team'. The first of these is responsible for communications with Indigenous organisations and individuals to encourage job-seeker participation, including in remote areas. The second works with potential AEC employers to secure their involvement. Once a business is signed up as an AEC employer, they are handed over to the implementation team to facilitate the necessary training and recruitment arrangements (M. James, pers. comm., 2 September 2010). Overseeing all of these activities is Rhonda Parker as CEO, who has recently taken over this role from Malcolm James. Parker has previously been the federal aged care commissioner and a minister in the Western Australian Government, while James was formerly executive chairman of Perth-based firm Resource and Capital Management (AEC n.d.-a).

The AEC is also overseen by a steering committee—chaired by Noel Pearson—that includes Andrew Forrest and prominent Indigenous figures Marcia Langton, Sue Gordon and Warren Mundine. Additional members are Sir Rod Eddington and David Bassau. Eddington is chairman of ANZ and a director of the Centre for Independent Studies, and also holds non-executive roles with several major firms (including JP Morgan, News Corporation and Rio Tinto). Bassau is a proponent of micro finance and micro enterprise development.

Various programs delivered by successive federal governments and non-government organisations have long sought to engage the corporate sector in improving Indigenous employment outcomes. Most notably, these include the Reconciliation Action Plan (RAP) scheme run through Reconciliation Australia and several elements of the Indigenous Employment Policy introduced by the Howard Government. In comparison to these programs, though, the AEC has some advantage in being driven by the private sector. For example,

some members of the steering committee and development teams clearly have long-standing links with corporate Australia, which one could assume has assisted in establishing the AEC's corporate networks and support.<sup>33</sup> In addition, with some having experience as private employers in their own right, they may be better tuned to employer needs.<sup>34</sup>

## THE AEC COMMITMENT

Under the terms of the agreement between the federal government and the Employment Covenant (the business entity), the latter has agreed to:

- lead and drive the AEC initiative;
- ensure that participating employers provide guarantees of sustainable employment for Indigenous job-seekers who have completed pre-employment training to employer specifications;
- ensure employers provide post-placement support and mentoring; and
- encourage participating employers to adopt workplace cultures and practices 'directed at improving the recruitment, retention and development of Indigenous participants' (AEC 2008b: 1).

The Employment Covenant has also agreed to advise the federal government 'on recommendations in regards to barriers to sustainable employment for Indigenous Australians' (AEC 2008b: 2). While such advice has not been made available in public documents, Malcolm James has indicated that discussions with government occur on a regular basis (M. James, pers. comm., 2 September 2010).

## THE COMMONWEALTH GOVERNMENT COMMITMENT

Unfortunately, the size and nature of the Commonwealth Government's financial commitment to the AEC have not been made publicly available. The contracts were signed just prior to the release of the Commonwealth Grant Guidelines that ensure government agencies publicly report all grants awarded. The few details that are available in public statements identify that the Commonwealth Government initially committed at least \$400,000 for the AEC to develop a marketing and communications strategy and set up a call centre to take enquiries from interested employers. Commonwealth funding was also made available to establish AEC offices and develop the AEC website (M. O'Sullivan, pers. comm., 27 October 2010), but it is not clear whether this was included in, or additional to, the \$400,000.

The government has also identified that it has committed \$4 million to the AEC including start-up funding and a 'long-term funding model based on the achievement of outcomes' (Commonwealth of Australia 2010b: 8). To the best of our knowledge, at the time of writing, the full details of this arrangement have not been made public. Again, it is not clear whether the original \$400,000 is included in this \$4 million, or indeed whether \$4 million is the total financial commitment of the government or just a proportion of it. Matthew O'Sullivan (pers. comm., 27 October 2010) has noted that the AEC has a contract with DEEWR to support the AEC's operational costs, with additional funding tied to outcomes achieved in terms of the number of job pledges from employers, job placements and retention rates to 26 weeks. The operational costs of the AEC are not known to us, but the business entity currently employs around 20 staff. Another feature of the Commonwealth Government's support for the AEC has been the secondment of DEEWR staff to AEC State and Territory offices for the 12 months to August 2010 (B. Love, pers. comm., 14 October 2010). This may reflect Andrew Forrest's request for 'a very modest network of state officers to ensure the proper flow of information between the AEC, employers, mentors, employees and DEEWR' (Karvelas 2009). Additional support from the Commonwealth Government comes via the JobSearch initiative, a publicly funded online tool for listing job vacancies and searching for suitable job-seekers.<sup>36</sup> AEC jobs are tagged on this site so that they can be searched for specifically (DEEWR n.d.-b).

In addition to operational funding and outcome payments, the Commonwealth Government has committed to 'make resources available' for pre-employment training and post-placement mentoring and support (Commonwealth of Australia 2009b: 27). However, as should become clear, this arrangement relies solely on pre-existing employment programs and no additional job-seeker training is provided through the AEC. Participating AEC employers are supposed to work with government and the AEC implementation team to determine industry-relevant training specifications that are suitable to both skill level and geographic location (AEC n.d.-a). In practice, though, there is little difference between the arrangements for training under this scheme and the training services already delivered by the federal government under the Indigenous Employment Program (IEP). Originally introduced by the Howard Government as the Indigenous Employment Policy, the IEP has until recently included two particular schemes of interest here. These are the Corporate Leaders for Indigenous Employment Project (CLIEP) and Structured Training and Employment Projects (STEP).

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**IEP:**  
Indigenous  
Employment  
Program

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**CLIEP:**  
Corporate Leaders  
for Indigenous  
Employment  
Project

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**STEP:**  
Structured Training  
and Employment  
Projects

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**DEWR:**  
Department of  
Employment  
and Workplace  
Relations

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Under CLIEP, private sector employers signed a statement in which they made a public commitment to employing Indigenous people. A memorandum of understanding and formal contract were subsequently developed between each participating company and DEEWR, in which tailored government funding for assistance was agreed. Such assistance could include pre-employment training, cross-cultural awareness training for existing staff or mentoring for new Indigenous appointments (Department of Employment and Workplace Relations (DEWR) 2003: 117). In 2009 the Labor Government announced a review of CLIEP, with 'an announcement on the future of this program [to] be made by the Government in due course' (DEEWR 2010a). It would seem, though, that its role in engaging the corporate sector has been superseded by the AEC.

STEP has sought to increase Indigenous employment by offering employers access to publicly-funded training packages for Indigenous workers. The training packages have ostensibly been tailored to employer needs. Many of the services offered under STEP are now provided under a 'reformed' IEP, with employers able to choose from tailored assistance for training Indigenous staff or other 'pre-designed' packages like wage subsidies (DEEWR n.d.-a). It is no accident the training services already offered under the IEP sound rather similar to those associated with the AEC. The key functions of the AEC are to secure employer demand and then facilitate employers' utilisation of existing training schemes such as those under the IEP (M. O'Sullivan, pers. comm., 21 September 2010).<sup>35</sup> This may be delivered through various agencies including registered training organisations, vocational education providers such as TAFE colleges, or Job Services Australia providers where they facilitate short courses (M. James, pers. comm., 2 September 2010).

## EMPLOYER COMMITMENTS

On signing up to participate in the AEC, employers agree to guarantee jobs (previously approved by the covenant team) to Indigenous job-seekers who have completed the required training. Employer commitments of jobs are supposed to 'accurately reflect the operational needs of the business' in that job-placements are 'anticipated to fill opportunities that arise in the normal course of business activity and staff turnover' (AEC n.d.-a). This means that rather than new jobs being created for AEC positions, an employer commitment under the AEC guarantees that a specified number of jobs will be available for suitably trained Indigenous job-seekers as the need for new workers arises.

As noted above, AEC employers must also commit to assigning a one-on-one mentor to each Indigenous job-seeker employed under the program and ensuring that the culture and practices of the workplace support the recruitment, development and retention of Indigenous staff. Finally, employers must ensure that 'workplace practices and terms of employment are non-discriminatory of Indigenous employees' (AEC n.d.-a).

It should be noted that this latter obligation is also enshrined in law under the *Racial Discrimination Act 1975*. The Act does, though, allow for 'special measures' under which 'racial' distinctions can be made to help disadvantaged groups or individuals fully enjoy their rights. For example, the Australian Human Rights Commission (n.d.: 4) states that:

Indigenous people in Australia suffer from greater social and economic disadvantage than other groups in society. Because of this disadvantage, they may need special assistance to enjoy their rights to education, employment, and health to the same level that other Australians enjoy those rights.

It should be noted that while employers sign a covenant that specifies they guarantee a certain number of jobs to appropriately trained applicants, this is not a legal obligation. The covenant signed between the Commonwealth Government and the AEC does specify that participating employers will 'formally guarantee to provide sustainable employment for Indigenous Australians on successful completion of pre-employment job specific training' (AEC 2008b: 1). However, in practice, the AEC sees this as an informal commitment to positively discriminate in favour of an Indigenous job-seeker if there is more than one person of equal skill applying for the job (M. James, pers. comm., 2 September 2010).

## EMPLOYEE COMMITMENTS

Prospective job-seekers who wish to take up a Covenant Job are asked to 'accept the personal responsibility, challenge and opportunity to complete training and receive a job' with a participating employer. They must first select an industry of their choice (usually by returning a form to Centrelink), then complete the required job training for that industry and, where requested by an employer, commit to stay in their post-training job for 'a minimum of 26 weeks, but preferably on a long term basis'. Finally, they must also 'accept the support and guidance' of their workplace mentor 'to face and overcome the challenges of keeping a permanent job' (AEC 2008a: 1).

Like the employer guarantee of a job, the employee commitment to remain in employment for 26 weeks is not legally binding. The formal wording of the agreement between the Commonwealth Government and the Employment Covenant is that Indigenous people participating in the program commit to 'accept and remain in employment once trained' (AEC 2008b: 1). However, other documents suggest that Indigenous participants will simply be 'encouraged' to remain in employment once they have been placed in a job (AEC n.d.-c: 3). Malcolm James (pers. comm., 2 September 2010) has indicated that when job-seekers sign an agreement to remain in employment for 26 weeks it is an informal process designed to demonstrate their commitment, and that they would not be penalised for leaving before the end of the period.

## MENTORS

Workplace mentors, called 'Heroes', volunteer to enter into an informal relationship with an Indigenous employee in order to 'enhance and encourage workplace performance' and facilitate the employee's self-reliance (AEC n.d.-a). Additional, professional mentoring support can also be arranged through the AEC. Andrew Forrest has described the need for mentors as follows:

Our task of placing and retaining Indigenous workers in the workforce will not always be an easy one. You will be very aware that many employees new to the workforce have a variety of challenges they bring with them from unemployment. New workers will need to be supported as they adapt to a working life and should be encouraged as they cast off old and unhelpful habits. In helping Indigenous workers make the transition to a working life, mentors become the real heroes in the fight to overcome Indigenous disadvantage (Forrest, in AEC n.d.-b: 3).

We return briefly to the wording of this statement later. For now, our focus is on the role of the mentors. While they are supported by their employing organisation, mentors can also access support through the AEC telephone hotline, mentoring workshops organised by the AEC and online education modules available to registered users through the AEC website.<sup>37</sup> The two modules are 'Mentoring' and 'Indigenous People and Culture' (AEC n.d.-a). Before beginning their mentoring relationship, mentors are asked to read the 'Heroes Handbook' produced by the AEC (also available online).

The handbook suggests that mentees may need different levels of support, from learning about workplace culture and procedures, to help in day-to-day work performance, to balancing the requirements of work, community and family. It encourages mentors to undertake cross-cultural awareness training and be sensitive to conditions that may impact on work-readiness and performance (such as the impacts of poor health on absenteeism, the possibility of low levels of education, and the impact of low life expectancies on the number of funerals a person may need to attend). The handbook also encourages prospective mentors to find out more about Indigenous Australia through Reconciliation Australia's 'Share Our Pride' website (AEC n.d.-b: 15). The issue of whether such schemes are likely to be adequate—both in supporting Indigenous workers and addressing any incidence of personal or institutional discrimination in the workplace—is returned to briefly later in this paper.

## SCHOOLS

Under the AEC's 'P Plate' program that will become fully operational in 2011, participating high schools are linked to companies offering work experience or other workplace learning placements. The program will initially run in the Northern Territory, Western Australia and Queensland in approximately 100 schools that have a minimum quantum of Indigenous students (M. James, pers. comm., 2 September 2010).<sup>38</sup> It involves an agreement between schools, students, parents and the AEC, with schools committing to introduce or maintain 'retention strategies' for Indigenous students and appointing a mentor (or 'school ambassador') from among staff to provide ongoing support to participating students. It will be the school's responsibility to select students for the program. Participating students (and their parent or guardian) will sign a covenant with the school (AEC n.d.-a).

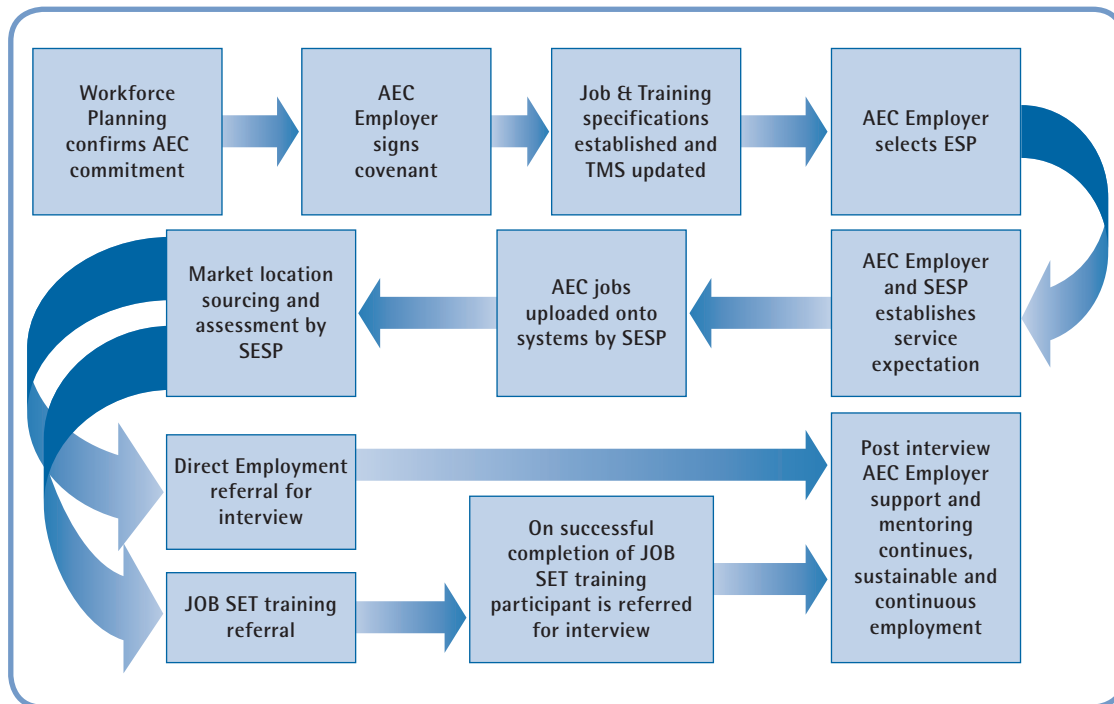
One aim of the P Plate program is to ensure that school-leavers do not see welfare as an option, so that 'each and every child is prepared to make the correct choices once they reach the crucial decision-making time at the end of their education and/or training' (AEC n.d.-a: unpaginated). Again, the wording of this statement is noteworthy, and will be returned to later. The AEC anticipates that they can best improve employment outcomes for school leavers by engaging with children at young ages. For this reason, P Plate participants will be sent into primary schools as 'role models' and the AEC will look to developing a suitable program for primary schools in future (M. James, pers. comm., 2 September 2010).

## EMPLOYMENT SERVICE PROVIDERS

Each AEC employer selects a preferred employment service provider from those available in its location. This provider then works to fill all of that employer's AEC jobs, including liaising with other employment service providers if necessary. This system seeks to ensure that providers are focused on identifying suitable applicants for a particular job, instead of simply providing a large quantity of referrals. Providers are required to give assistance to Indigenous people who want to take up AEC jobs. According to the AEC website, there is a clear time restraint imposed: AEC participants must be referred to an AEC job or training place within five days of signing an undertaking with the AEC (AEC n.d.-a: unpaginated).

The process through which an employer engages an employment service provider with a view to taking on an Indigenous job-seeker is set out in Fig. 2.

**Fig. 2. Employer engagement of a selected employment service provider**



**Notes:** ESP refers to employment service provider. SESP refers to selected employment service provider. ESPs are selected based on availability within the market location, Indigenous case load numbers, employer suitability and previous service arrangements.

**Source:** AEC 2008d.

## WHAT HAS THE AEC ACHIEVED?

Under the terms of the agreements signed with participating employers, the Employment Covenant (the business entity) has agreed to 'use its best endeavours' to:

record and publish the outcomes achieved. This will be measured by the number of Indigenous participants who complete job-specific training, commence employment with an AEC Employer and subsequently remain in full or part-time employment for a minimum of 26 weeks (AEC 2008c: 2).

Initial signs were that some of this reporting may happen online, with the AEC website including a page on 'Success Stories'. Unfortunately, at the time of writing this article, the page has not been updated since the very early days of the AEC, and the only success story it records is the graduation of 11 Indigenous job-seekers from the first AEC Job Set Training Course in May 2009 (AEC n.d.-a). Indeed, as yet, the AEC has not fulfilled its commitment to record and publish employment outcomes achieved, only publicising the number of jobs employers have allocated to the scheme. The Commonwealth Government has not been any more forthcoming in public documents, usually only citing the number of jobs pledged. For example, in February 2010 it noted that:

The AEC has received commitments by Australian employers to hire in excess of 16,000 Indigenous job-seekers. Work is underway to convert those commitments into sustainable job outcomes for Indigenous Australians (Commonwealth of Australia 2010b: 8).

The following sections use what little data are available to examine the AEC's achievements in four areas: the number of jobs pledged and made available; the number of Indigenous job-seekers who have completed training and found ongoing work under the scheme; relationships with government; and the transparency of the AEC process.

## JOB PLEDGES

As noted at the outset of this paper, the AEC has been relatively successful in securing job pledges from employers. By mid-2010, those commitments had reached over 20,000, prompting one journalist to claim that Forrest's goal 'of finding jobs for 50,000 Aborigines is almost half complete' (Koch 2010). This claim should be viewed with considerable caution, though, because despite some recent suggestions that the original target was for 50,000 job pledges (see Business Council of Australia (BCA) 2010: 27), the publicly stated goal was always to 'secure 50,000 sustainable jobs *filled* by Indigenous Australians' (AEC 2008b: 1). This means not only securing job places but also the 'placement of 50,000 Indigenous people into work' (AEC n.d.-a). Looking closely again at Fig. 1, it is clear that the AEC has illustrated the scheme as involving not only 50,000 job offers but also 50,000 job acceptances. In addition, it would presumably be very unusual for the Commonwealth Government to measure the AEC's performance based on job placements if this did not at all correlate to the scheme's objectives.

Despite such overstated claims about progress towards the original target, the large number of job pledges from employers is a significant achievement of the AEC. It may be contributing to a broader trend towards increased corporate investment in Indigenous employment and engagement strategies (BCA 2010). In some respects, it also represents a notable shift in the Indigenous employment landscape. That is, by (at least informally) guaranteeing a job for suitably job-ready Indigenous participants, it creates a real incentive to undertake the required training. As Warren Mundine has argued:

You can educate people as much as you like, but if they've got no jobs to go into, as a young Aboriginal 10-year-old told me, "Why do we need to be educated if there's nothing for us, there's no future?" This [the AEC] is going to fill that gap (in Elks & Karvelas 2008).

This feature of the AEC also bodes well for discouraged workers who have previously given up looking for work. If a job guarantee attracted these workers back into the labour market, it could prove valuable in meeting both the AEC targets and the government's Closing the Gap goals. Registered users of the AEC website can also access a search engine for forecasted jobs that 'AEC employers expect to become available' over the next 12 months (AEC 2010). Job services providers can use this tool to target training to industries or occupations with forecasted demand.

However, there are at least two issues in this aspect of the scheme that need careful consideration. The first is that not all of these job pledges have yet translated into available jobs. As noted previously, in signing up to the AEC, employers guarantee that a certain number of jobs will be made available for AEC participants as vacancies arise in the normal course of business. At the time of writing, the homepage of the AEC website notes that there are currently 21,519 job pledges and 2,304 job vacancies<sup>39</sup> (AEC n.d.-a). This is a little confusing, because the website's in-built search tool gives the very different figure of 4,598 jobs currently available Australia wide.<sup>40</sup> To confuse matters further, according to the drop-down menu of jobs by State, there are only 54 available jobs listed across the country. If a search is actually undertaken, though, around 350 job advertisements appear (AEC 2010).<sup>41</sup>

Yet another figure for available AEC jobs can be found on the Commonwealth Government's JobSearch website, where 77 jobs are tagged as Covenant Jobs (DEEWR 2010b).<sup>42</sup> There appears to be little correlation between the jobs listed on the AEC and JobSearch sites.

### BCA:

Business Council  
of Australia

The second, and perhaps more important, issue is that it is not clear from the AEC's published materials what happens when a job listed by an employer as a Covenant Job is not filled. It is difficult to believe that a vacancy would be reserved for prospective AEC participants in perpetuity, with employers usually hoping to fill jobs within a relatively short period. There are precedents, however, for employing organisations insisting that an advertised job cannot be filled by a non-Indigenous job-seeker.

For example, clauses under equal opportunity and anti-discrimination legislation in some States allow employers to specify that applications for advertised positions are *only* invited from Aboriginal and Torres Strait Islander people.<sup>43</sup> In contrast to this scenario, jobs listed as so-called Covenant Jobs are not exclusively reserved for Indigenous job-seekers.<sup>44</sup> When requesting more information about jobs listed on the website's 'find a job' search engine, job-seekers are asked to indicate whether they are of Aboriginal or Torres Strait Islander descent. If they select 'no', the following message appears:

Thank you for making an enquiry regarding this position. The Australian Employment Covenant and its services are solely aimed at assisting Australian Indigenous people into work. As you have indicated that you are not of Aboriginal or Torres Strait Islander descent, this employer warmly welcomes [you] to apply for this job directly with them. Follow the link below to see the list of employers (AEC 2010).

Of course, it makes business sense for employers to accept applications for identified Covenant Jobs from job-seekers who are not Indigenous. In this sense, the AEC operates much like a traditional 'affirmative action' scheme under which all suitable applicants are considered, but if there are two or more applicants and one is from the target group, the latter applicant will be preferred. As with affirmative action schemes, AEC employers may also consider the applicants' comparative skills and qualifications, being expected to give preference to the applicant from the AEC where these other factors are equal (M. James, pers. comm., 2 September 2010). As noted previously, this means that the job 'guarantee' is only an informal one.

The effect of this arrangement is very significant. It means that unless AEC jobs are quickly filled by Indigenous job-seekers upon becoming available, they are likely to be taken by other applicants. While that would mean the number of AEC jobs pledged by the employer would not be any closer to being filled (and should therefore roll over into some future recruitment period), it also means that the 22,000 jobs so far committed under the AEC might not ever translate into this many jobs for Indigenous Australians. For this reason, quoting the number of job pledges as evidence of the AEC's success in improving Indigenous employment prospects is quite misleading: the pledges merely set a maximum on the number of Indigenous jobs that could be created under the scheme.

How quickly, or how many, Indigenous jobs are actually created through the AEC relies most fundamentally not on job pledges but on job placements. For this reason, it is crucial to understand both the types of jobs available and the potential barriers to Indigenous participation in the scheme.

## **INDIGENOUS PARTICIPATION**

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The key point to note here is that while over 20,000 jobs have been pledged under the AEC, only an estimated 2,800 or so have been filled by Indigenous job-seekers. Matthew O'Sullivan (pers. comm., 27 October 2010) has explained that more accurate data are not yet available because securing verifiable information on job commencements from employers has proven problematic. Of course, the early stages of this job creation occurred in a period in which many commentators were predicting a deep recession, so if the estimate of job placements is accurate it is not an insignificant outcome. A comparison to job commencements under some other schemes gives some context. For example, it may be a higher rate of

job commencements than under the existing RAP scheme.<sup>45</sup> However, it is lower than previously recorded rates of job-seeker commencements under CLIEP and STEP. The mismatch with the initial enthusiastic aspirations of 50,000 jobs warrants careful investigation.

It is useful to start by briefly returning to the CLIEP and STEP programs. In a 2002 review, DEWR found that there had been 8,700 job-seeker commencements under these programs in the previous two years (DEWR 2003: 34). Interestingly, DEWR also found that only around half of the program places generated through CLIEP and STEP had been filled by Indigenous participants. They suggested that one solution might be relying more on Indigenous networks and organisations in the recruitment process. They also noted that participating employers tended to be those that had already developed Indigenous employment strategies or had recent experience of employing Indigenous job-seekers (DEWR 2003: 7).

Continuing this trend, many of the early signatories to the AEC had previously participated in the CLIEP program. Some signatories to the AEC have also created their own RAPs, which are voluntary agreements in which employers outline initiatives for building 'positive relationships between Indigenous and non-Indigenous people' (Reconciliation Australia n.d.). They often include aspirational goals to increase Indigenous employment within the organisation. It is not surprising that the same employers should sign up to several programs with similar goals. Nonetheless, one measure of the AEC's success might be the extent to which it has engaged with employers beyond the ambit of these other schemes, particularly those new to employing Indigenous job-seekers.

The jobs pledged under the AEC so far are spread across more than 130 employers. These include Andrew Forrest's Fortescue Metals Group as well as ANZ and Rio Tinto, two of the companies Rod Eddington is associated with. They also include many other large private sector corporations (such as Linfox, Commonwealth Bank, Crown Ltd, Woodside), smaller private companies (Darwin's Allora Nursery Gardens and Battery World), sporting organisations (the Australian Football League), tertiary institutions (Curtin University of Technology), non-government organisations (Mission Australia, the Koorie Heritage Trust) and governments and publicly funded agencies (Holroyd City Council, Northern Territory Government, Australian Federal Police and Indigenous Land Corporation).

In examining the employers participating in the AEC, the first thing to note is that they are spread across many industries and both the public and private sectors. This seems to bode well, as participating job-seekers are given the option to choose the industry in which they would most like to work. Of course, as noted above, this is limited to the extent that jobs are actually available when job-seekers are looking for work. It may also contribute to some advertised jobs not being filled, where no AEC participants express a preference for that industry.

The second point of interest is the location of available jobs. Some of the employers participating in the scheme are highly localised. Others—particularly the very large corporations—are able to offer jobs in several locations. For example, among the jobs currently listed in the AEC's 'find a job' search engine, Linfox (a very large warehousing and transport company) has jobs available in every State and Territory (AEC 2010). Overall, the large majority of jobs listed on the site are in New South Wales, Victoria and Queensland. While most of the jobs in Victoria are located in Melbourne, the jobs listed in New South Wales include a concentration in western Sydney and a number outside the capital in the central coast and Tamworth regions. Jobs listed in Queensland include small concentrations in Brisbane's west and in and around Cairns in the far north of the State.

What is interesting here is whether the location of advertised AEC jobs correlates to the location of Indigenous job-seekers. This is best captured by the Indigenous unemployment rate, which measures the proportion of people in the Indigenous labour force who are actively looking for a job and available to start work. DEWR has stated that the AEC initially included both 'a broad promotional campaign

targeting all Indigenous job-seekers' and a 'focus on those locations that are most likely to attract the greatest number of Indigenous job-seekers' (DEEWR 2008: 2). While unemployment data by location are limited, it is certainly true that there are high rates of Indigenous unemployment in areas such as western Sydney and significant pockets of unemployment in and around some regional centres like Tamworth and Cairns (Biddle 2009a; Biddle, Taylor & Yap 2008). To this extent, the location of many of the available AEC jobs seems well targeted.

However, there are very few jobs listed in other parts of the country where there are very high concentrations of Indigenous unemployed. For example, other than two jobs in Katherine and one in Port Hedland there are no identified jobs in the remote parts of the Northern Territory or Western Australia. Asking a resident in these remote regions to migrate for a minimum of 26 weeks work may be a very significant barrier to participation in this scheme. Nonetheless, it is true that most Indigenous people live in metropolitan and regional areas and, for these people, a local AEC employer might be an attractive option. Unfortunately, it is not possible to discern from the AEC website whether there are any identified jobs in some other areas of high Indigenous unemployment, such as western New South Wales.<sup>46</sup>

The third point to note in examining the jobs offered under the AEC is occupation. It is here where the most telling conclusions can be drawn. For a start, controlling for occupation reveals that the options for Indigenous job-seekers are much narrower than a total tally of available jobs suggests. Of the 350 jobs listed on the 'find a job' search engine at the time of writing, almost 90 per cent are with Linfox, and most of these are as warehouse pickers and packers in Linfox's warehouse division (AEC 2010). While these may be suitable entry level positions for some people who have otherwise been unable to find work, they are likely to be of limited appeal to many job-seekers. Of course, that a particular job is unappealing is not necessarily a reason to remain on welfare, but the decision to exit welfare into a low-skilled and low-paying job may be a difficult one if there are high income replacement ratios (Daly & Hawke 1994).<sup>47</sup> Moreover, the overwhelming dominance of these positions on the AEC website does highlight a potential pitfall of employment schemes where diverse Indigenous interests are not adequately catered for and the number of available jobs disguises a much narrower range of occupations.

A further point of interest is that aside from these and similar entry level positions listed on the AEC website (such as security officers and food and beverage attendants), several of the jobs listed through the AEC require substantial existing skills and qualifications.<sup>48</sup> For example, advertisements are listed for a public health nutritionist, an emergency medicine specialist, a civil and project engineer and several registered nurses. All of these positions require relevant tertiary qualifications and professional experience.

As we identified earlier in this paper, Indigenous underemployment may be a significant problem. To the extent that skilled jobs advertised through the AEC allow Indigenous workers to transfer into jobs that better utilise their existing skills, they may help to reduce skill-based underemployment. This would be a positive outcome. However, it clearly does not fit the stated aim of the AEC in getting Indigenous people off welfare (whether unemployed or not in the labour force) and into paid work. Likewise, while a person with qualifications and experience as a civil engineer or medical specialist may sometimes experience periods of unemployment, they are presumably not the disadvantaged job-seekers at risk of long term unemployment and welfare dependency that the AEC ostensibly seeks to target. Moreover, they are probably least likely to need assistance under the scheme.

None of this means that highly skilled occupations should not be included in the AEC. What it does mean, though, is that not all of the job commitments will be filled by unemployed Indigenous job-seekers. For this reason, the number of jobs advertised under the AEC—or even filled by Indigenous people—should not be taken as a proxy for the number of Indigenous people assisted off welfare and into paid work.

A counterpoint here is that while jobs committed under the scheme are not always reserved exclusively for unemployed Indigenous job-seekers, intensive training and assistance are only available to job-seekers who are registered with Centrelink (GenerationOne 2010).

In September 2009, Andrew Forrest and Malcolm James launched a new project, GenerationOne (often referred to as GenOne). James has described GenOne as 'an online movement to engage young people in the process of improving the lives of Indigenous Australians' (AEC n.d.-a). Sponsored by the AEC, GenOne's vision is very similar to that of its sponsor: to end Indigenous disadvantage by increasing employment participation. Spelled out in more detail, this vision is:

To change the 'welfare state' that has destroyed so many Indigenous Australians

To change the aspirations of Indigenous Australians

To change the common perceptions of Indigenous Australians

To change government policy so that every dollar of government spending is directly linked to the only sustainable way out of poverty—a REAL JOB (AEC n.d.-a).

Anyone (whether Indigenous or not) can join GenOne, and the organisation encourages its members to take an active role in pursuing its vision. This might involve lobbying politicians and supporting Indigenous businesses, requesting a mentor, or offering to mentor Indigenous students and workers. Importantly, GenOne also encourages its members to participate in the AEC, either by offering or finding a job (GenerationOne 2010). While it is not clear whether GenOne had always been envisaged by Forrest as an adjunct to the AEC, or whether it was introduced in response to low take-up of available AEC jobs, as an online tool that encourages 'spreading the word' through social networking it is clearly designed to encourage greater engagement with the AEC.

## TRAINING COMPLETION RATES AND JOB RETENTION RATES

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As noted above, the AEC has committed to recording and publishing outcomes achieved, as measured by 'the number of Indigenous participants who complete job-specific training, commence employment with an AEC Employer and subsequently remain in full or part-time employment for a minimum of 26 weeks' (AEC 2008b: 2). This highlights a crucial point: that improving Indigenous employment outcomes requires not only training commencements and job placements but also training completion and job retention.

In previous research on labour market programs for Indigenous job-seekers, Hunter, Gray and Chapman (2000: viii) have examined the relative effectiveness of different types of programs in terms of completion and retention rates. Using data from the mid-1990s, they assessed the effectiveness of wage subsidy schemes, job creation programs, formal training programs and employment support/placement services.<sup>49</sup>

The AEC relies on two types of programs identified by Hunter and colleagues: those that provide formal training for unemployed job-seekers and those that offer employment support and job placement. Importantly, in their review of labour market programs in the 1990s, Hunter, Gray and Chapman (2000: xiii, 39) found that these types of programs were less effective for improving participants' employment prospects than wage subsidies. For example, while employment support programs had the highest completion rates, wage subsidy programs were associated with longer periods of employment (better retention) than any other type of labour market program.<sup>50</sup>

This finding is perhaps not surprising. While wage subsidy and job creation programs operate to directly increase a participant's employability (by reducing the costs to employers of hiring them), employment support/placement services and training programs operate only indirectly by improving a participant's employability upon program completion (Hunter, Gray & Chapman 2000: 13). Moreover, Hunter, Gray and

Chapman (2000: 42–43) suggested that the longer retention of wage subsidy participants reflected the fact that there were options for their ongoing post-program employment, whereas participants in other labour market programs had to enter the open labour market upon program completion. The majority of the latter group either returned to unemployment or left the labour force entirely.

A study by DEWR in 2002 confirmed the result that wage subsidy was the most effective Indigenous employment program available at that time, with positive results in both participation and retention. While providing a more positive overall assessment of the impact of employment programs than Hunter and colleagues, DEWR identified a number of problems with existing schemes. These included the need to:

- better target the most disadvantaged job-seekers;
- increase Indigenous recruitment into some programs;
- develop ongoing employer commitment; and
- ensure training was clearly linked to employment rather than offering training 'for its own sake' (DEWR 2003: 3–7).

In assessing the achievements of the AEC, then, the key issue concerns its 'value added' to existing labour market programs, particularly those under the IEP. By asking employers to sign a covenant and offer job guarantees to Indigenous participants who successfully complete training programs, the AEC is clearly seeking to address at least the latter two of DEWR's concerns. In addition, the job guarantee—and the suggestion that participants commit to employment for at least 26 weeks—are no doubt intended to better the completion rates of existing training programs and the retention rates achieved by standard job services.

Taking these elements in turn, the job guarantee certainly has potential to increase post-training retention rates. By creating an incentive to complete the required pre-employment training, it also has the potential to increase rates of training completion. The first point is lent some support by initial anecdotal evidence from the AEC. Malcolm James (pers. comm., 2 September 2010) has indicated that while not all participants have completed the pre-employment training and entered a job, of those who have done so there have been high rates of retention in employment at 26 weeks. According to James, these retention rates have often been higher than industry standards.

However, the AEC has had the same difficulties in collecting accurate data on job retention as it has for data on job placements. The BCA (2010: 27) has recently cited information that retention rates under the AEC might be as high as 86 per cent. But Matthew O'Sullivan (pers. comm., 21 September 2010) notes that only around 20 per cent of employers who have taken on Indigenous staff under the scheme have provided official reports about retention rates. This proportion is too low to make definitive statements about the rates overall.

The suggestion that participants commit up front to 26 weeks of work can be interpreted as an incarnation of the principles of mutual obligation and personal responsibility increasingly espoused over the last 15 years. The latter principle—popularised in particular by Noel Pearson—has become a key feature of both Labor and Liberal governments' recent approaches to Indigenous affairs. Captured in the title of the Cape York Institute 2007 document 'From Hand Out to Hand Up', the emphasis on personal responsibility is designed to combat the problems of passivity and community dysfunction that are seen as deriving from welfare dependency (Cape York Institute 2007). While the AEC is not a form of welfare, it does embody the same principle of requesting commitments from participants in return for inclusion in the scheme.

Debates about the merits of programs emphasising mutual obligation and personal responsibility have often been heated, with some commentators suggesting that these approaches emphasise blaming the poor for their own predicament and overlook the structural factors contributing to their situation (Altman

2006). The evidence of their effectiveness in improving people's lives is mixed. For example, while no formal evaluation of the Cape York Welfare Reform Trials has yet been released, some supporters argue that the strong emphasis on personal responsibility is having positive results (Glanville 2009). On the other hand, some studies of mutual obligation over the last decade have suggested that it has been relatively ineffective at inducing the desired behavioural change in social security recipients. At least one study has suggested that rather than pushing the unemployed into work, it has been more common for recipients of unemployment benefits to either complete mutual obligation activities but subsequently remain unemployed, or transfer onto alternative payments where mutual obligation requirements are less restrictive (Lim 2008).

In the case of the AEC—a voluntary program in which participation is not required of all Indigenous welfare recipients—it is certainly possible that rather than shoring up job retention, a suggestion that participants commit to at least 26 weeks of work may create a disincentive to participate. Entering into a job with a new employer and in a new workplace is always a period of uncertainty and, just as employers often assess new staff during a trial period, many employees treat their first few weeks on the job as a trial of their new circumstances. Committing to a minimum of 26 weeks of work before the participant has even met their new employer may be a big ask for anyone, and more so for those with little workplace experience. This may be the case even when there are no penalties for failing to complete the agreed period. It may also be a particular concern for some Indigenous job-seekers, with research suggesting that Indigenous peoples' cultural and family obligations can contribute to higher rates of temporary mobility (Prout 2008). This can, in turn, necessitate more flexible employment options.<sup>51</sup>

It should be noted that while the AEC initially intended that all participating job-seekers would sign an undertaking to stay in employment for 26 weeks, in practice any such requests have been at the discretion of employers. Nonetheless, if such requests to agree up front to what is effectively an unusually long trial period have been a disincentive to job-seekers, the effectiveness of the program may have been limited in at least two ways. Firstly, any incentive created by the job guarantee may at worst have been cancelled out. Secondly, the higher retention rate of those who have found jobs through the program may be coming at the cost of lower participation rates overall.

While the reported short-term job retention rates achieved by the AEC may appear to be better than those of standard labour market programs, a realistic assessment of the effectiveness of the AEC needs also to take into account a further two commonly acknowledged concerns. The first can be referred to as the substitution effect. This means that in order to understand the effects of the program on actual job creation, one must know whether the successful job placement and retention of one individual has come at the expense of another (Hunter, Gray & Chapman 2000: 14).

Substitution effects are usually an issue when seeking to understand the macroeconomic effects of labour market programs, such as the impact on total employment. However, they are also a key concern in understanding the impact of the AEC because, as already noted, many of the employers participating in the scheme have also been signatories to CLIEP or developed their own RAPs. Under these programs they may have already committed to Indigenous employment targets, so it is impossible to know whether a position they have offered under the AEC would have been filled by an Indigenous job-seeker anyway. The issue here is not the outcome: increased Indigenous employment can be judged a positive outcome regardless of which scheme is responsible. Rather, it is a technical question of isolating the effects of the AEC in order to accurately assess its additional contribution.

The second concern is commonly referred to as 'selection bias.' This acknowledges the probability that the number of job placements a program achieves indicates, at least in part, the self-selection of the least disadvantaged job-seekers into job services or placements rather than improved outcomes for those most in need (see DEWR 2002: 3; Hunter, Gray & Chapman 2000: x). This may be particularly relevant for the

AEC because such self-selection is likely to be amplified if prospective job-seekers are asked to sign a 26-week work commitment. Presumably, the least confident and experienced job-seekers may find this most daunting. Self-selection biases are important in understanding the net effects of employment programs because they increase the likelihood that outcomes will be skewed upward by those who may have found employment without intensive assistance.

## RELATIONS WITH GOVERNMENT AND TRANSPARENCY OF THE AEC

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According to Kevin Rudd, the introduction of the AEC has signaled a major shift in Australia's approach to Indigenous affairs. Arguing that the covenant signified the 'death of ideology' because it recognised the inability of governments to meet the challenge of Indigenous disadvantage alone, Rudd stated that 'this is no longer a question about can Government fix all these problems ... We cannot. Let's just be honest about it, be upfront about it, tell the truth about it' (Rudd 2008a).

While it is true that the AEC is a private sector initiative sponsored by the state, rather than seeing it as a radical break from the past we see it as part of an ongoing trend towards greater private sector involvement in what are essentially public employment programs. This shift towards indirect public funding for non-government delivery of employment services began as early as the 1980s (Hunter, Gray & Chapman 2000: 4), and since the mid-1990s the delivery of most labour market programs has been contracted out to non-government providers on a competitive basis, first under the Job Network and more recently under Job Services Australia.

Although the AEC is coordinated under new arrangements, as noted previously it still relies heavily on existing programs delivered through DEEWR and the Job Services Australia network. In effect, then, the AEC is both a new referral system for the delivery of publicly subsidised employment programs and a corollary to existing initiatives that are designed to increase employer demand for Indigenous workers.

Public-private agreements are an increasingly common feature of service delivery, but relations between the parties can often be fraught. In early 2009, only four months into the scheme, Andrew Forrest raised concerns that the government commitments to training were mired in red tape. Noting that the employing organisations needed 'quick responses', Noel Pearson suggested they would not wait for bureaucratic hurdles to clear and that hundreds of jobs would 'go begging' if the training was not delivered when employers needed it (ABC News Online 2009).

Soon after suggesting that the government was failing to deliver its end of the bargain, Forrest declared that the problem had been rapidly addressed. Indeed, he noted that in response to his concerns the government had responded 'with a speed that I haven't seen in 30 years' (Forrest 2009). Such a quick response may speak to suggestions of what was perhaps an unusually close relationship between Forrest and the Rudd Government, with one newspaper report saying that Rudd had granted the AEC team 'full cabinet access' (Gibson 2008). Nonetheless, with the precise details of the training and funding agreements between the AEC and federal government not made public, it is not possible to ascertain from public documents whether training bottlenecks have continued and, if so, whether they have contributed to a slower than expected rate of job placements.

This raises the more important point of transparency and accountability. The case has long been made that public-private partnerships and outsourcing arrangements for the provision of services present real problems for accountability in the expenditure of public funds. Critics argue, for example, that funding agreements and even assessments of outcomes are often hidden behind commercial-in-confidence provisions, and that private providers are not subject to direct enquiry by normal agencies of government accountability such as parliamentary committees (Mulgan 2006).

Public-private partnerships involve some sort of 'cooperative institutional arrangements between public and private sector actors' (Greve & Hodge 2005: 1). The relevance of critiques of these arrangements to the AEC is not complete because, for example, the common concern that private partners in public-private partnerships might compromise services in their quest for profit clearly does not apply. In this sense, the AEC may be more akin to outsourcing, with its efforts to engage employers in Indigenous employment programs seemingly delivering some functions of programs (like CLIEP) that would otherwise be delivered by the state. It is not clear, though, that the AEC should be considered a contractor requiring protection in relation to any 'competitors', so the usual commercial-in-confidence clauses should not necessarily apply.

Nonetheless, many of the criticisms of both public-private partnerships and outsourcing are directly relevant to the rather opaque arrangements agreed to by the AEC and federal government. For example, while the AEC committed to making employment outcomes public, at the time of writing they have only publicised the number of jobs pledged. This makes any public assessment of the effectiveness of the scheme—and the efficiency of the government's associated expenditure—impossible.

Akin to what sometimes transpires in the assessment of outsourcing arrangements, the only information about the scheme's job creation outcomes that has previously been available on the public record has been extracted through parliamentary questioning of the associated government department. In response to questioning from the Senate Community Affairs Legislation Committee (SCALC) in February 2010, DEEWR identified that, as of 31 January, 622 AEC participants had been placed into jobs (SCALC 2010a). On 30 April, again in response to questions asked in Senate estimates, DEEWR reported that as of 25 February they had a direct record of 121 job commencements under the scheme. At the same time, the AEC reported 903 commencements by 28 February (SCALC 2010b).

The variance in these figures likely reflects the difficulties the AEC has faced in collecting data. If we accept that the AEC's February report of 903 commencements and the current estimate of around 2,800 jobs are both accurate, this suggests a significant improvement in outcomes over the last eight months. However, one-off public reporting in response to parliamentary questioning is clearly not sufficient for proper assessment. Moreover, it should be clear that the figure of approximately 2,800 jobs is indeed an estimate. As noted, the AEC has stated that it does not yet have more accurate data because of difficulties in securing information about job placements from employers. The same limitation also means that the AEC has inadequate information on job retention. These are important concerns that need to be rectified if the AEC is to fulfil its obligations to report on actual employment outcomes.<sup>52</sup>

Concerns about reporting also extend to information on the number of jobs currently available, with several different figures listed online. This may simply be a technical issue with the AEC website, or relate to different ways in which 'available AEC jobs' are defined for this purpose.<sup>53</sup> Either way, it might be less important for job-seekers registered with a Job Services Australia provider who would presumably have access to a more accurate list. Nonetheless, it is a problem both for prospective participants—who may wish to examine available jobs for themselves—and for transparency about how many, and what kind of, jobs are on offer.

Clearly, accurate reporting is a necessary feature of accountability and transparency. But accountability should also be linked to the specific agreement between parties about their respective obligations (Forrer et al. 2010). Beyond the essential data on employment outcomes, additional questions remain. For example, what is the precise nature of the funding agreement with government, and how is this tied to performance measures? What are the details of the agreements about training delivery? Where have the jobs been created? And, given the number of jobs created and rates of retention, has value for money been achieved? Matthew O'Sullivan (pers. comm., 27 October 2010) has indicated that because data on job placement and retention are not yet available, the AEC has not yet invoiced for these outcomes. However,

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### SCALC:

Senate Community  
Affairs Legislation  
Committee

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it has received outcome payments for job pledges. Much more information is needed if we are to assess the impact of this public investment, including accurate data on retention rates well beyond the initial 26-week period, something the AEC has not established procedures to collect.

Making more information public would also be in the broader interests of improving Indigenous peoples' employment prospects. For example, if retention rates at 26 weeks are indeed higher than industry averages, what factors have contributed this relative success? Do retention rates remain high beyond this period? Has the mentoring and cultural awareness training proved effective? And has the training been adequate and appropriate? Such lessons no doubt learnt throughout the AEC's first two years could be more broadly applicable to other employment programs and add to the currently limited information on success factors for job placement and retention.

## CONCLUSION: THE EMPLOYMENT CHALLENGE REVISITED

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Not surprisingly, the initial announcement that the AEC would aim to create 50,000 jobs for Indigenous people within two years generated intense media interest. Such an achievement would have completely re-written the accepted wisdom about Indigenous employment in this country, where improvements in outcomes have most often been gradual and slow. There were immediate critiques of the initiative that suggested its 'extraordinarily ambitious' jobs target had not been 'carefully thought through' (Altman 2008). At the same time, the optimism of the scheme's proponents was obvious and, for some, infectious. It captured the imagination of employers, government, and Indigenous leaders. For Noel Pearson, for example, it 'was a complete hit to the solar plexus when Andrew proposed not a few thousand real jobs in a timeframe, but 50,000 guaranteed real jobs' (Elks 2008).

Optimism is by no means a fault and is sometimes sorely lacking in Indigenous affairs. Certainly, the insistence of Forrest and colleagues that Indigenous Australians can be just as keen and able workers as other Australians can not be debated. However, unless the size of the AEC's original job creation target was simply a strategy to secure attention and resources, its dramatic over-estimation of its short-term potential does suggest that its proponents overlooked some notable obstacles that should have been quite clear. There is long-standing evidence that many Indigenous people face major barriers to employment (such as low levels of English literacy, minimal work experience and locational disadvantage) that cannot be overcome with short-term pre-employment training. An additional concern is the compatibility of certain types of work with Indigenous cultures and aspirations. Indeed, while the AEC has fallen well short of its stated goals, perhaps the strongest criticism of the scheme is its tendency to either undervalue or overlook the socio-cultural systems of some Indigenous people that may make mainstream work in highly regimented jobs particularly problematic.

## CURRENT CAPACITIES TO WORK

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Substantial research has documented the often immense difficulties of getting disadvantaged job-seekers into sustainable employment. For example, as noted earlier it is widely accepted that the long-term unemployed face particular challenges and are often overlooked by potential employers (Chapman & Kapuscinski 2000). Combined with the loss of workplace skills and associated difficulty in keeping up with technological changes, this means that without effective intervention, long spells of unemployment can in effect become self-perpetuating.

Such problems may be exacerbated for some Indigenous Australians who face particular structural disadvantages. These include, for example, a history of marginalisation and exclusion from mainstream institutions until relatively recently. They also include the under-resourcing of Indigenous education and

other services that has contributed to low levels of English literacy and high rates of morbidity over many decades (Altman 2006). While the causes of Indigenous educational disadvantage are complex (Kral 2009), it is well established that Indigenous people fare worse, on average, than other Australians on levels of educational attainment, and that this can create very real barriers to participation in mainstream employment (Hunter 1996; SCRGSP 2009: 4.32–4.57).

For example, lower average skill levels and formal education may mean that many Indigenous people have fewer of the 'human capital' endowments favoured by most employers (Biddle, Taylor & Yap 2008). For some Indigenous people, limited English literacy and numeracy and the lack of experience in holding a regular job can put employment even in low-skilled occupations out of reach.<sup>54</sup> Moreover, the effects of socioeconomic disadvantage on employment often play out over time, so that, for example, educational disadvantage early in life can lead to chronic and enduring deficiencies in human capital throughout the lifecycle (Biddle, Taylor & Yap 2008). In this way disadvantages can become both multidimensional and intergenerational. This was no doubt recognised by former Australian of the Year Mick Dodson, who stated in 2009 that adult literacy was the key to closing the gap in life expectancy between Indigenous and other Australians (Kral 2009: 1).

A key concern, then, is whether the short-term pre-employment training offered under the AEC is sufficient for the needs of the disadvantaged Indigenous job-seekers the program ostensibly seeks to assist. Boyd Hunter (2009: 9), for example, has questioned whether 'the deep skill deficits' among those Indigenous people who have been most disadvantaged by 'a long history of educational neglect' can be overcome by short training courses. The evidence to date suggests, not surprisingly, that it cannot.

While the Covenant team have commendable faith in their capacity to assist the most disadvantaged Indigenous job-seekers, Malcolm James (pers. comm., 2 September 2010) does acknowledge the challenges the initiative faces. For example, by his estimation, some 90 per cent of Indigenous job-seekers have 'some or severe' barriers to employment. According to James, that means while it may be relatively simple to teach people new skills, it is much more difficult to develop their capacity to work (which necessitates things like turning up to work each day—something the very long-term or intergenerationally unemployed might have little experience of). For that reason, James argues that capacity building is the key to addressing Indigenous employment disadvantage.

Recognition of some of the complex factors contributing to poor Indigenous employment outcomes is a positive sign and seems a sensible counterbalance to much of the AEC's public rhetoric. The identified solution—the longer-term development of basic work capacities among Indigenous people facing particular disadvantages—is by no means new. Indeed, while the effectiveness of the Work for the Dole program has been debated, the development of work readiness among the unemployed has been a prominent argument for it (Carson et al. 2003).

Presumably a lack of work capacity is something the AEC seeks to address through its P Plate program. However, while it is no doubt a legitimate concern, there may be a fine line between lack of work 'capacity' and valid cultural considerations, necessitating creative responses if employment outcomes are to be substantially improved. As the next section argues, if 'capacity' is taken to mean 'work ready' in a highly regimented Western sense, there are strong arguments that such 'capacity building' might be antithetical to some Indigenous interests.

## CULTURAL CONSIDERATIONS

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Since as early as the 1960s, commentators have suggested that one of the obstacles to higher rates of Indigenous employment participation is cultural differences in Indigenous peoples' attitudes and aspirations to paid work. For example, Smith (1991: 21) has summarised the view of Coombs and others that:

what constitutes work for some Aboriginal people is based on values and behaviours fundamentally at odds with western notions of the wage contract, hierarchical employment structures and participation in the labour force.

In explaining this position, Coombs argued that:

Aborigines do not face the general Australian economy with their time fully available for employment or divided simply between 'work' and 'leisure'. Rather they come with their time significantly allocated to distinctly Aboriginal purposes and activities. Employment or involvement in the Australian economy involves a trade-off between the potential to earn cash and a range of other activities (in Smith 1991: 21).

Several more recent studies have reached similar conclusions to Coombs. Gibson (2006), Austin-Broos (2006) and Tonkinson (2007) have all conducted ethnographic research that identifies cultural attitudes to work among some Indigenous Australians that are incompatible with mainstream Western work practices. One example is where the maintenance of important family relationships and cultural obligations is considered the real work of day-to-day life and is more important in conferring social status, esteem and meaning than a regular paid job.

This may have important implications when, for example, obligations to attend family events or cultural ceremonies take precedence over work commitments. Some commentators might see this as an Aboriginal 'problem' and suggest 're-education' into the discipline of a full-time and regular job. Even if this kind of approach is deemed warranted, it must be acknowledged that any changes are likely to be slow and require more intensive investment than short-term pre-employment training or 26 weeks of post-employment mentoring. It is useful here to reflect on the much longer inculcation of the value of paid work in Western societies, with the notion that paid employment is a 'rational' use of our a time a product of particular historical circumstances (Edgell 2006; Giorgi & Marsh 1990). As Kral (2010: 1) has recently noted, for some Indigenous people the 'normative logic' of a sequenced pathway involving the individual pursuit of educational credentials and subsequent entry into paid employment is a notion introduced only in very recent generations. It is far removed from the much more longstanding adherence to socio-cultural systems in which value and meaning derive from kin-based obligations and cultural knowledge, that continue to bear strong resonance for some Indigenous people today.

Moreover, it must also be noted that with any efforts to force change in Indigenous cultures, there may be trade-offs in terms of the loss of highly valued socio-cultural forms and social cohesion. There might also be real tensions for some Indigenous people whose identity and sense of purpose are much more closely attached to their cultural obligations than their participation in paid work (Altman & Rowse 2005). This does not suggest that Indigenous cultures are static and inflexible. Indeed, Indigenous people are often highly inter-cultural, adapting to and acting on contemporary environments by synthesising existing cultural knowledges and a multiplicity of other influences (Kral 2010: 10). It is also true that many Indigenous people, even in very remote areas, do have a strong desire for culturally appropriate work.

However, concerns about Indigenous aspirations acknowledge that Indigenous cultures and priorities have intrinsic value irrespective of their compatibility with notions of regimented work. They also problematise elements of the AEC rhetoric that cast paid employment as the 'correct choice' (AEC n.d.-a) and raise questions over Forrest's comments that seem to at best conflate alternative cultural schemas with

'unhelpful habits' (Forrest, in AEC n.d.-b: 3). The second objective of GenOne—to 'change the aspirations of Indigenous Australians'—suggests a similar oversimplification that fails to recognise either the value of Indigenous cultural preferences or the current desire of many Indigenous people to work.

There is still inadequate research about Indigenous peoples' aspirations and attitudes to paid employment, particularly among those living in urban or regional areas. In these locations cultural obligations are often no less important than elsewhere, but attitudes to work may well be quite different to what Coombs and others have described. However, even in urban areas there may be notable cultural barriers to employment participation (see, for example, Gibson 2006). These might include the flexibility of working hours, the cultural fit of a job, and the ability to engage in cultural obligations which may involve strong attachments to particular locations and/or regular short-term mobility.

The messages given by the AEC about the extent to which these concerns should be accommodated in employment have been very mixed. For example, Forrest has made the sweeping statement that 85 per cent of Indigenous Australians live 'within 15 minutes walk of a job' (Gibson 2008). He includes in this figure Aboriginal people living near mining leases, presumably including those in remote regions. Although it is subject to data limitations, recent research does suggest that shortfalls in 'human capital' might be more significant than locational constraints in explaining low rates of Indigenous employment overall<sup>55</sup> (Biddle 2009b). However, Forrest's statement is no doubt an over-estimate and could be interpreted as trivialising the rational commitment of many remote-living Indigenous people to remain on their own land even when robust labour markets are lacking.

In addition, while the AEC has placed considerable emphasis on the need for appropriate mentoring and cultural awareness training, there have also been mixed messages about the extent to which an individual's cultural obligations should be taken into account by employers. The AEC's guide for mentors—the 'Heroes Handbook'—notes that 'some new employees may need help to balance their commitments to work, family and community' (AEC n.d.-b: 4). It also notes that 'low life expectancy can increase the number of funerals a person is expected to attend', and encourages mentors to 'be mindful of the impacts of Indigenous culture and community' (AEC n.d.-b: 5, 7).

However, Warren Mundine has said that under the AEC Indigenous people should be treated no differently to other workers. For example, he argues that if they have 'sorry business', they should only have access to the regular bereavement and annual leave also available to their non-Indigenous colleagues (Gibson 2008). There is great potential in this arrangement for Indigenous peoples' cultural obligations to be compromised. Outside of the AEC scheme, this concern has been recognised by some employing organisations that have introduced additional (albeit usually limited) cultural or ceremonial leave for Indigenous employees.

Wesley Aird (2009), formerly a member of the AEC team, has reiterated Mundine's views that Indigenous people should 'live by the same obligations and social contract as the rest of the country'. Moreover, he has rejected the alternate argument, characterising it as suggesting that 'something in our culture means that we do not have to work.' In fact, the alternative position is not always so extreme. Additional ceremonial leave, flexible work hours or other strategies negotiated on a case-by-case basis can provide avenues to accommodate particular Indigenous cultural concerns in mainstream workplace practices.

The cultural fit of a workplace is not limited to mentoring support for individual staff. A key concern is the absence of workplace discrimination. Here, institutional discrimination may include the inability of employers to understand or accommodate the particular cultural needs of their staff. As noted previously, AEC employers sign an agreement to ensure their workplace practices and terms of employment 'are non-discriminatory of Indigenous employees' (AEC 2008c: 1). There is very little research (as opposed to anecdotal evidence) about the extent of workplace discrimination—whether personal or institutional—experienced by Indigenous workers. Most of the few available studies on employment discrimination

towards Indigenous people have focused on its potential as a barrier to employment, rather than Indigenous workers' post-employment experiences (see Booth, Leigh & Varganova 2010; Hunter 2005). However, at least one qualitative study has drawn on Indigenous employees' own experiences of prejudice and found that discrimination in the workplace is an important concern (Mellor 2003).

In terms of assessing the AEC's outcomes in this area, a key issue here is whether AEC employers are required to report on their efforts to ensure workplace practices and cultures are non-discriminatory. It is interesting, for example, that most affirmative action schemes require organisations to report regularly on actions taken to address any systemic discrimination. Companies committing to RAPs must also report publicly on actions taken and results achieved each year, including any agreements to introduce cultural awareness training or improve organisational culture.

## CONCLUDING COMMENTS

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Of the many issues we have raised in this paper, chief among them are the possible reasons for the AEC falling so far short of its original stated target of 50,000 jobs. These may include structural factors within the scheme itself—such as suggestions that participants sign up to a minimum 26 weeks of work before they have had any exposure to the workplace—as well as the type, location and availability of Covenant Jobs. However, more fundamental concerns include the socioeconomic disadvantages of many Indigenous job-seekers who are likely to need more intensive and long-term assistance than is currently standard under the IEP. There is also a real potential for cultural dissonance for those Indigenous people whose socio-cultural experience is at odds with the regimented and relatively inflexible cultures of many workplaces.

The AEC's representation of paid work as the 'correct choice'—and the personal barriers to work as 'old and unhelpful habits'—may be well-intentioned, and there is no doubt that such unhelpful habits do exist. But such unqualified statements seem to discount alternative and legitimate value preferences and may ultimately detract from the pursuit of better Indigenous employment outcomes. In particular, if Indigenous labour supply rather than employer demand is the key to improving employment outcomes, then it stands to reason that the diversity of Indigenous peoples' attitudes to work need to be taken into account in the design of Indigenous employment programs. This is not an argument against increased Indigenous participation in paid work. Rather, it is an argument for thinking more creatively about how to engage Indigenous job-seekers in employment schemes through participatory planning and efforts to understand and facilitate the kinds of work that match Indigenous preferences and aspirations. It is perhaps instructive to note the federal government's view that the recent changes to the IEP have made it more flexible and responsive to the needs of employers (DEEWR n.d.-a). It may be particularly fruitful to engender the same flexibility for accommodating the needs and aspirations of Indigenous job-seekers, ostensibly the clientele the IEP is designed to assist.

An additional concern of this paper has been the question of accountability and the efficiency of government expenditure on the AEC. There is no doubt that increasing employer demand is commendable, and the AEC will publish its achievements in job placement numbers and retention rates in due course. Even the estimated 2,800 jobs is a positive outcome if retention rates are indeed high. But key questions—as yet unanswered—include the 'value added' of the program and the 'value for money' of the public investment. On the criteria of the AEC's own 'sister organisation', GenerationOne, we should be asking questions here: one goal of that scheme is 'to change government policy so that every dollar of government spending is directly linked to the only sustainable way out of poverty—a REAL JOB' (AEC n.d.-a).

Unless more detailed information is released about the AEC's outcomes and, crucially, its agreements with government, it is not possible to assess how well taxpayer dollars are translating into sustainable jobs under this initiative. As the AEC progresses it will continue to engender strong feelings, whether of skepticism or support. But after two years greater public disclosure about the program—not only the challenges it has faced but also its achievements and lessons learnt—is in all our interests.

## NOTES

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1. The AEC have so far been unable to determine an exact figure, but their estimate is that the actual number of jobs filled is around 2,800 (M. O'Sullivan, pers. comm., 27 October 2010).
2. On 20 February 2009 Andrew Forrest stated at a doorstep interview that the two-year timeframe had been taken off the scheme 'a long time ago' (Forrest 2009). In September that same year he wrote in a letter to Jon Altman—then director of CAEPR—that the AEC was 'a joint initiative with the Australian Government working to employ fifty thousand Indigenous Australians in sustainable employment within two years.' Reiterating the two-year timeframe may have been an error, but these conflicting statements are quite confusing. To further confuse matters, a recent story in *The Australian* newspaper reported that 'the AEC aims to place 50,000 Indigenous people into sustainable jobs by June next year' (Warne-Smith 2010).
3. These data have not been adjusted to attempt to correct for census undercount and the influence of non-demographic factors on the intercensal change in Indigenous population counts. See note 13.
4. Under the Coalition's plan the AEC would have been extended to non-Indigenous job-seekers who had been out of work for 12 months or more.
5. Unemployment rates refer to the proportion of the labour force that is unemployed, where the labour force includes those who are either employed or actively looking for a job and available to start work.
6. Additional ABS publications provide alternative data sets that can be useful in estimating change in key indicators between census collections. These include the National Aboriginal and Torres Strait Islander Social Survey and National Aboriginal and Torres Strait Islander Health Survey. Like the LFS, both rely on population samples and are therefore susceptible to sampling error.
7. Measuring and reporting on progress towards closing the gaps also requires setting trajectories for the expected outcomes throughout the relevant period. The COAG Reform Council has recently noted that these trajectories have not yet been determined (COAG Reform Council 2010). This was the subject of a recent discussion in senate estimates, where concern was raised that 20 per cent of the time allotted to reach key Closing the Gap targets (that is, two years out of ten) had passed and the trajectories needed to plot progress against them were still unclear. Staff from the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs committed to releasing such trajectories by September 2010 (Commonwealth of Australia 2010a).
8. Undercount is influenced by survey methodology and non-responses. It not only reduces the reliability of the data produced in each census, but—along with the influence of non-demographic factors (such as increased identification as Indigenous) on the intercensal change in Indigenous population counts—also makes assessing the change in employment and unemployment levels between censuses problematic (Biddle, Taylor & Yap 2008).
9. 'Adult' here refers to people aged 15 years and over. The survey of 3,100 Indigenous Australians in 2009 translated into a sample size of 10,500 records because most respondents were interviewed more than once. Records were weighted for population projections based on the 2006 Census (ABS 2010).

10. However, where interviewers conducting the LFS encounter 'significant cultural, language or operational difficulties in remote areas', they may opt to use a shorter survey form that collects less detailed data (ABS 2010).
11. The LFS sample is more 'clustered' in remote than non-remote areas, with the effect that most remote-living Indigenous people in the sample are clustered in only a relatively small number of places. This may have important implications for the Indigenous estimates produced from the survey data. For example, if the sample moves from a community where there are strong employment opportunities to one with fewer job prospects, or vice versa, this may produce a large statistical fluctuation in estimates of remote Indigenous labour force status over time (ABS 2010). The ABS also notes that remote communities are among the most difficult to enumerate in the census. While this problem is minimised through the use of face-to-face interviews and the special Interviewer Household Form in nominated discrete Indigenous communities (rather than the standard self-enumeration surveys that are used for most households), some effects on data quality remain (ABS 2006).
12. For example, since Indigenous and non-Indigenous populations have very different age structures and LFS data are not age-standardised, a direct comparison of results can present a misleading picture of differences between the two groups (ABS 2010).
13. Biddle, Taylor and Yap (2008) have attempted to adjust for net undercount in the census by applying the census labour force participation rates to the ABS's experimental estimates of the Indigenous working-age population. This method revises the 2006 Census count of Indigenous workers upward from 122,000 to 149,000, and likewise revises the increase in Indigenous employment in the five years to 2006 up from 22,000 to 29,000. In that sense it presents a more positive picture of employment outcomes over the period. Of course, though, the method also revises up the Indigenous unemployment level, from 23,000 to around 27,000, and the unemployment rate remains unchanged (see Biddle, Taylor & Yap 2008: 6-8). Estimates that attempt to adjust for census undercount are not available for all the data used in this paper so, unless otherwise stated, the data presented are unadjusted. It should also be noted that because the census undercount is particularly apparent for remote areas, and these areas may have quite different employment profiles than other regions, attempting to correct for undercount by using ABS population estimates and census rates may perpetuate some inaccuracies in the data.
14. Working age is defined as those aged 15–64 years.
15. The relevant standard errors are available at ABS 2010: 52, 60.
16. The percentages in this paragraph have been age standardised. That is, the different age structures of the Indigenous and non-Indigenous populations have been taken into account (see SCRGSP 2009).
17. For example, while some will find long-term jobs, others will 'churn' between periods of long- and short-term unemployment, non-participation in the labour force and short-term jobs. Still others will remain unemployed for very long periods (Dockery & Webster 2001).
18. Note, though, that some studies suggest that increased duration of unemployment beyond a certain length of time corresponds to a levelling off, or even slight improvement, in some aspects of social and psychological wellbeing as people better adapt to their circumstances (see Muller et al. 1996).
19. Definitions of underemployment may also include people who are unemployed or only intermittently employed; discouraged workers; and even the working poor (see for example Clogg, Sullivan & Mutchler 1986; Prause & Dooley 1997).

20. For census purposes part-time employment refers to employment for less than 35 hours per week, so it also includes casual workers.
21. While different methodologies mean these data should be compared with caution, the magnitude of the difference between the reported Indigenous and non-Indigenous rates does suggest that a significant disparity existed in practice.
22. One local case study of a CDEP scheme has also shown that part-time workers wanted to work more hours because they were bored on their days off (Gray & Thacker 2001).
23. The question of how changes to CDEP interact with the AEC's jobs target is also an important one. There may have been some hope that people transitioned out of CDEP work as a result of government policies would be subsequently employed under the AEC. Such an outcome would have been 'neat' because if the 19,000 or so CDEP participants in 2008 (SCRGSP 2009: 4.69) were added to the 23,000 unemployed, the available cohort would be close to 50,000. However, with only around 2,800 AEC jobs filled so far, it is clear that any employment of former CDEP participants under the scheme has been limited.
24. Data on the proportion of Indigenous and non-Indigenous people of working age receiving the disability support pension are derived from administrative data in which Indigenous identification is voluntary. Where an individual's Indigenous status is not known they are included as non-Indigenous (SCRGSP 2009).
25. In an international context, the definition of 'discouraged workers' is often limited to those who want to work, are available to do so and are not looking for work because they believe they will not find a job (see also ABS 2007; Hunter & Gray 2001). That is, the reason for lack of job search activity is seen as a defining feature of discouraged workers. In ABS publications, discouraged workers are defined as those who 'want to work and could start work within four weeks if offered a job, but who have given up looking for work for reasons associated with the labour market,' and where specific reasons for lack of job search are any of the following: considered to be too young or too old by employers; difficulties with language or ethnic background; no jobs in their locality or line of work; no jobs available at all (ABS 2007). This means there are some notable differences with Hunter and Gray's (2001) definition of discouraged workers. For example, Hunter and Gray include those not looking for work mainly because of childcare and other family responsibilities. The ABS excludes people who could start work within four weeks from the end of the reference week if child care was available (ABS 2007). It should be noted that, in practice, it is often very difficult to separate out a person's belief they will not find work from other personal motivations (see Hunter & Gray 2001).
26. Data for Indigenous Australians was drawn from the Indigenous Job Seeker Survey (IJSS) and data for other Australians was drawn from the Survey of Employment and Unemployment Patterns (Gray & Hunter 2005). It should be noted that the sample recruited for the IJSS was not representative of Indigenous job-seekers as a whole. It included around 2,500 participants in selected urban, regional and remote centres but excluded job-seekers who were not within reasonable commute of a mainstream labour market (that is, whose employment options were limited to participation in the CDEP scheme). The sampling methodology also meant that the long-term unemployed were disproportionately represented among participants (Hunter, Gray & Jones 2000). See Gray and Hunter (2005) for a discussion of the comparability of the two surveys.
27. The 1994 NATSIS.

28. The ABS does include questions about the desire to work (and reasons for lack of job search) among those not in the labour force as an annual supplement to its monthly LFS. However, the supplement excludes people living in remote and sparsely settled areas (ABS 2009), and the small sample size means that estimates are not produced for the Indigenous population.
29. In addition, the intensification of mutual obligation requirements for recipients of unemployment benefits from the late 1990s, the more recent tightening of eligibility requirements for the disability support pension and parenting payment, and the introduction of income management may have encouraged some discouraged workers to commence job search. For example, there is some evidence that early mutual obligation requirements increased the probability of exit from unemployment benefits (Richardson 2002), although it is not clear if those exiting these payments moved into jobs, onto other forms of income support, or outside the labour force.
30. Indeed, while the labour force participation rate of Indigenous Australians increased in the five years to 2006, the number of Indigenous people not in the labour force also rose (SCRGSP 2009).
31. Andrew Forrest has explained this terminology by telling mentors that they 'are the real heroes in this story—not the CEOs, not the shareholders but you' (AEC n.d.-b: 3).
32. Malcolm James has indicated that while background work on developing this scheme has begun, it will not be fully operational until 2011 (M. James, pers. comm., 2 September 2010).
33. For example, one of the first business owners to offer jobs under the scheme was Forrest's long-standing friend James Packer.
34. For example, when early concerns were raised that the government was not meeting its commitments to provide training under the AEC, Andrew Forrest and Warren Mundine complained that the government's approach to training delivery had become 'tired' and was ill-suited to industry's needs (Karvelas 2009).
35. When seeking assistance under the IEP employers can also tick a box on the application form that indicates they are participating in the AEC. The AEC states that this is designed to demonstrate commitment rather than secure any preferential treatment.
36. Available at <<http://jobsearch.gov.au/default.aspx>>, accessed 17 August 2010.
37. Prospective mentors can register with the AEC even if their employer is not a signatory to the program, so that 'when the need arises' the AEC can call on them to mentor within an organisation similar to their own (AEC 2010: unpaginated).
38. The AEC has determined that to make the program efficient, at least in its early stages participating schools should have a student population that is at least around 10 per cent Indigenous, or have a minimum quantum of 50 Indigenous students (M. James, pers. comm., 2 September 2010).
39. The homepage of the AEC's website shows a 'counter' that lists the number of jobs pledged and current vacancies. See <<http://www.fiftythousandjobs.com.au/>>.
40. When 'Australia wide' is selected in the drop-down menu, however, the page states that there are 4,302 jobs available (AEC 2010).
41. For some of these the closing date for applications had passed.
42. All of these are in New South Wales, Queensland, Victoria and Western Australia.

43. Like the 'special measures' provisions in the *Racial Discrimination Act 1975*, State legislation can also allow discrimination under certain circumstances. For example, section 65 of South Australia's *Equal Opportunity Act 1984* allows discrimination in projects that are for the 'benefit of persons of a particular race'. Section 14 of the New South Wales *Anti-Discrimination Act 1977* means that employers can discriminate on the basis of ethnicity in making employment decisions where ethnicity can be seen as a legitimate occupational qualification. These, and similar, pieces of legislation are available at <<http://www.austlii.edu.au/>>, viewed 19 September 2010.
44. Of course, employers participating in the AEC may specify their own restrictions that mean they will only accept applications from Indigenous people, where allowed under anti-discrimination and equal opportunity legislation.
45. Gibson (2008) has reported that more than 1,700 jobs were created by RAPs in two years.
46. It is possible to search for jobs according to region (such as western New South Wales or the Hunter), but the same jobs come up under each of these regions and the actual location of the workplace is not identified. Matthew O'Sullivan (pers. comm., 27 October 2010) has indicated that the AEC will soon have data available on the location of jobs filled under the scheme so far.
47. Income replacement ratio in this context refers to the ratio of welfare benefits an individual receives to their potential employment income if they exited welfare for paid work.
48. Jobs we are considering 'entry level' may also require existing qualifications such as forklift licences and Certificate III or IV qualifications.
49. Wage subsidy schemes provide employers with temporary subsidies to offset the wage costs of hiring a worker from the target group, while job creation programs go further by providing full funding for the wages and material costs of participants. Formal training programs may include training subsidies under which part or all of the training costs are publicly funded, and employment services and placement schemes provide things like mentoring for job-seekers, assistance with job search and matching services to link job-seekers to potential employers. Of course, many labour market programs have combined elements of several of these approaches, such as wage subsidy or job creation programs that also provide formal training (Hunter, Gray & Chapman 2000: 6-7).
50. It should be noted that Hunter and colleagues' analysis has some data limitations. It is based on longitudinal data collected by the then Commonwealth Department of Employment, Workplace Relations and Small Business but is not representative of all Indigenous job-seekers and only relates to a short time period. In addition, there is a possibility of selection bias because the least disadvantaged job-seekers were the most likely to be supported by wage subsidies (Hunter, Gray & Chapman 2000: xi, 62).
51. Similar conclusions have also been drawn about pre-employment training. For example, in their review of labour market programs in the 1990s, Hunter and colleagues found that completion rates for training programs decreased with the length of the training. They suggested that the tendency toward greater geographic mobility among Indigenous people could explain the lower completion rate in long training courses, and that better results might be achieved by breaking long courses down into a series of shorter components (Hunter, Gray & Chapman 2000: xii, xv).

52. In late September Matthew O'Sullivan indicated that work was underway to address these concerns and the problems should be resolved by late October (M. O'Sullivan, pers. comm., 21 September 2010). In late October he indicated that DEEWR is now assisting the AEC to collect accurate data that should be available in coming days or weeks (M. O'Sullivan, pers. comm., 27 October 2010).
53. For example, it seems that the highest figure for 'available jobs' listed on the AEC job-search engine (4,598) includes not only jobs listed as Covenant Jobs, but also other available jobs with AEC employers (AEC 2010).
54. Note, though, that for Indigenous youth in remote regions, formal education is only one pathway for employment and economic productivity. For example, Kral (2010) has recently noted the development of technological skills among young Indigenous adults in several remote locations through community-based learning with digital media. Employment opportunities have opened up for some of these young people to use these skills in cultural centres, music and media production and archival work.
55. It should be noted, though, that this study included CDEP employment, which would have masked the 'underlying spatial mismatch' of non-CDEP jobs (Biddle 2009b: 26).

## APPENDIX A

### DATA QUALITY

In reporting Indigenous labour force status, the choice of data set has significant implications. Table A1 gives a clear example, comparing figures for Indigenous employment and unemployment from the Census and LFS in 2006. The table shows a large discrepancy in employment numbers, with the LFS estimating that 40,200 more Indigenous people were in paid work than were counted in the census. The LFS also estimated a larger number of Indigenous unemployed (with 3,700 more in this category) and a lower unemployment rate.

	Employed '000	Unemployed '000	Unemployment rate %
Census	122.3	22.5	15.5
LFS	162.5	26.2	13.9

Source: ABS 2010: 27.

Indigenous estimates in the LFS have significant standard errors, due largely to the relatively small sample size, and may not be reliable for remote areas. The standard errors relevant to the data in the preceding table, and for the data referred to in the article, are shown in Table A2.

Year	Employed		Unemployed		Not in labour force		Unemployment rate		Employment to population ratio	
	Estimate (‘000)	SE (‘000)	Estimate (‘000)	SE (‘000)	Estimate (‘000)	SE (‘000)	Estimate (%)	SE (pts)	Estimate (%)	SE (pts)
2006	162.5	6.7	26.2	1.4	134.0	6.6	13.9	0.8	50.4	2.1
2007	160.8	5.4	25.7	1.8	146.4	5.4	13.8	1.0	48.3	1.6
2008	163.2	5.8	27.1	2.1	153.1	5.5	14.2	1.2	47.5	1.7
2009	161.2	8.8	35.4	3.6	157.4	8.0	18.0	2.0	45.5	2.5

Note: SE = standard errors.  
Source: ABS 2010: 27, 45.

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