

**REVIEW OF THE
INDUSTRY BASED AGREEMENTS:
Lessons learnt**

Aboriginal Affairs NSW

2017



Executive Summary

The NSW Government's Industry Based Agreements (IBA, the Program, the Agreement) program was one of the initiatives under *OCHRE: the NSW Government's Plan for Aboriginal Affairs*. IBAs were designed to create training, employment and business opportunities for Aboriginal people and to improve employment and job retention outcomes for them.

The Program was launched in 2013 and the first three IBAs have been operating for at least two years. The review examined initiatives under each of the IBAs and recommends settings to strengthen operation of future Agreements based on the experience gained from these three IBAs.

Industry Based Agreements operate in a policy environment where there is growing focus and attention on the economic prosperity of Aboriginal people, acknowledging the limits of governments continuing to invest in social programs alone. In NSW, the release of the Aboriginal Economic Prosperity Framework signals this shift. This change in approach is also illustrated by the strengthening the implementation of the Aboriginal Participation in Construction policy that seeks to involve the private sector to support improving economic outcomes for Aboriginal people in the State.

To better reflect the overall approach of OCHRE to take a regional and local approach to initiatives, as well as an emphasis on decision making at a local and regional level by Aboriginal people, the NSW Government has decided to move from State-wide IBAs to regional IBAs. Learning from the State-wide IBAs needs to be embedded in the design and roll-out of regional IBA's. Principal aspects that need to be adopted are:

- Work alongside other initiatives as there is a need to address development of candidates who are different stages of joining the workforce or developing their business operations,
- Be tailored to respond to local economic opportunities, especially those driven by Government policy and investment programs.
- Operate over a longer period to help Aboriginal persons to navigate development opportunities that span training/apprenticeship and entry into the workforce.
- Adopt sound governance practices to build credibility and support amongst program stakeholders: industry partners, government agencies, non-for-profit sector and the Aboriginal people.
- Governance should include setting realistic objectives and associated action plans that have the support of all stakeholders, regular reporting to maintain support and/or to make changes in response to change in operating circumstances.
- Strong involvement of successful Aboriginal people in mentoring and support roles.

Year 12 attainment: 63% of Aboriginal people aged 20 to 24 years have completed Year 12 or higher compared to 87% of non-Aboriginal people—a gap of 24%.

Post-school education: 39% of Aboriginal people aged 20 to 64 years had a post-school qualification compared to 61% of non-Aboriginal people.

School participation: At a state level, the gap in school participation between Aboriginal and non-Aboriginal children increases progressively from 2% in the pre-school years to 29% in Year 12, which is a similar pattern for many communities.

Employment: A little over half of all Aboriginal people aged 15 to 64 years (53%) are employed, compared to three quarters of non-Aboriginal people (71%).

Unemployment: Aboriginal people aged 15 to 64 years (15%) are nearly three times more likely to be unemployed than non-Aboriginal people (5.7%) – and in the critical 18 to 24 year age group, the youth unemployment rate (26%) is more than double the non-Aboriginal rate (11.4%).

Self-employment: Less than half the number of Aboriginal people (8%) are owners/managers of their own businesses or contributing family workers compared to non-Aboriginal people (17%).

Household income: The weekly median household income for Aboriginal households (\$550) is two-thirds of the amount of non-Aboriginal households (\$850)—a difference of \$433 per week.

Housing and home ownership: 42% of Aboriginal households own or are purchasing their home compared with 65% of non-Aboriginal households.

SOURCE: Key data – Aboriginal People (July 2017) available at aboriginalaffairs.nsw.gov.au

Introduction

The IBA program was launched in 2013 with the first Agreement between the NSW Minerals Council, the Minister for Aboriginal Affairs and the Minister for Resources & Energy. This was followed by Agreements between the NSW Government and the Master Builders Association of NSW (in 2014) and the NSW Civil Construction Federation (in 2015), with the Minister for Finance and Services and the Minister for Roads and Freight respectively.

Each Agreement was flexible to allow the industry peak body to focus on the needs of Aboriginal people in terms of training, employment and business development opportunities. At its core, industry agreements are unlike common social or economic government program interventions. Instead, IBAs emphasise relationships between governments, business, not-for-profit sector and the Aboriginal community to orchestrate disparate activities to lift economic outcomes for the Aboriginal people.

In each of the Agreements the industry peak body led the development and implementation of initiatives with support from the government agencies and industry firms. While Aboriginal Affairs provided modest financial assistance, project management support and participated on the steering committees, it was expected that industry peak bodies would contribute in-kind to the operation of the Agreement. Sponsorship support was also sought for some of the initiatives in some instances.

Each of the three Agreements was different reflecting industry operating characteristics and strategies adopted to support Aboriginal people.

The IBA program reflected an evolution of the earlier Job Compacts program that was managed by Aboriginal Affairs. Job Compacts aimed to change the context of Aboriginal employment by encouraging the development of partnerships and networks between government agencies (state and Commonwealth), local government, industry groups, businesses, community groups and Aboriginal job seekers. The Compacts interacted with other initiatives aimed at enhancing private sector employment. drew upon regionally available employment resources.

Findings

State-wide Industry Based Agreements demonstrate that sustainable successful outcomes require a range of strategies that address impediments at various stages of the employment and/or business development opportunity. This is mainly because support needs change over time as Aboriginal employees and business operators gain experience, seek career progression and operating conditions change. Sustainability of outcomes requires that while Aboriginal employees could commence work in a supported environment they also work in mainstream business functions and are not limited to working in environments that serve Aboriginal clients only.

In simple terms, the Agreements must make it easier for both Aboriginal people and for employers and business partners to engage with each other in the context of each industry's operating imperatives as illustrated in **Tables 1 to 3**. This needs to cover information on skills and capabilities, identification of opportunities and demonstration and celebration of success.

The three state-wide IBAs demonstrated the need for:

1. Orchestrating all possible support from various arms of government is essential for the successful execution of an IBA. This support includes skilling up of candidates, acquisition of accreditations and licences, navigating recruitment processes at firms, completing tenders, qualifying for supply chains etc.
2. Responsiveness of government partners operating programs that can support initiatives in an IBA – this needs flexibility on the ground by program managers to respond to demands that are consistent with program objectives but may not have been planned for. Information flows within partnering agencies, i.e. between the field and head offices needs to include potential for tailoring interventions that enhance success for Aboriginal people.
3. Strong advocacy and networking with principal stakeholders, especially the Aboriginal community, underpins effective participation of Aboriginal people. Support from their communities gives confidence to job seekers and business operators to invest time and effort to develop skills and capabilities that positions them to take advantage of opportunities of interest.

4. Mobilising successful Aboriginal people and those who have progressed in their careers to provide mentoring support and to share their experiences and strategies that helped them in work and business situations greatly facilitates building resilience and to overcome challenges that inevitably arise over time.
5. Strong governance on part the Agreement broker helps to signal opportunities to all stakeholders and encourages their participation.

Table 1: Civil Construction Industry

<p>Civil construction industry</p> <ul style="list-style-type: none"> • Industry work is dominated by government tenders to construct civil infrastructure. • Work is carried out by firms at infrastructure build sites and the industry tends to have a core workforce that is mobile and seek to recruit workers from local communities where work is carried out. • Industry observes strict health and safety practices • Members are part of supply chains that together execute a project. • Industry is responsive to the needs of governments that are their principal customer. • Firms typically have in-house programs to train and induct staff. 	<p>Civil Construction Federation IBA</p> <p>Survey of members provided a base-line of Aboriginal participation in the industry. It also indicated that respondent firms’ Aboriginal employees were largely in full time positions (71%) and that most of the firms in the industry did not have a specific strategy to attract, employ and retain Aboriginal employees.</p> <p>The industry firms were responsive to the requirements of Aboriginal Participation in Construction Guidelines that were progressively being incorporated in government contracts.</p> <p>The Federation’s developed an industry engagement strategy for the IBA in the context of industry characteristics.</p> <p>The Federation worked with Opportunity Hubs and the Clontarf Foundation to expose young Aboriginal people to careers in the industry.</p> <p>Worked with member firms to promote Aboriginal employment. Some members became champions for Aboriginal employment and Aboriginal employees were recognised at industry annual function through The People Awards.</p>
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Table 2: Building Industry

<p>Building industry</p> <ul style="list-style-type: none"> • The industry is characterised by a large number of firms ranging from small businesses to large conglomerates. • Industry observes strict health and safety practices. • Industry firms are spread throughout the state and the economy. • A large proportion of the firms are small and are suppliers to larger firms. • Training pathways commence with multi-year apprenticeships. • The industry association is a registered training organisation and operates a group training organisation. • About 40% of the work of MBA comes from the government sector. 	<p>Master Builders Association</p> <p>The Association conducted a survey of members to help inform initiatives to improve Aboriginal employment in the industry.</p> <p>Facilitated easy access to Aboriginal Cultural Awareness Course for industry member firms to help make work environments culturally aware and to support integration of Aboriginal staff in the workforce.</p> <p>Developed factsheets for prospective Aboriginal employees on industrial relations aspects of their employment.</p> <p>The Association participated in Opportunity Hubs to promote careers in the building industry to young Aboriginal students in their final years in school.</p> <p>Developed an Aboriginal procurement and employment website (www.baranbali.com.au) that facilitates search for qualified Aboriginal job seekers and businesses by industry participants.</p>
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Table 3: Mining Industry

<p>Minerals industry</p> <ul style="list-style-type: none"> • Large firms with a need for substantial workforce in the start-up phase and with stable employment needs in the production phase. • Industry observes strict work health and safety rules. • Mines are in rural/regional areas and are a significant part of the local economy. • Business drivers are the global markets for minerals. • Minerals firms are typically large, and their business strategies include out-sourcing. • Industry associations have strong member advocacy role and work closely with their members. • Firms have in-house programs to train and induct staff. 	<p>Minerals Council</p> <p>Consistent with the characteristics of the industry, the Council held Industry Forums to showcase Aboriginal business who could supply industry firms.</p> <p>Industry firms and the Council encouraged Aboriginal students through scholarships.</p> <p>Council worked partners to organise visits to mining sites by Aboriginal people to help them assess opportunities by understanding the work environment and expectations.</p> <p>Recognised member initiatives to put in place measures to assist prospective Aboriginal employees to navigate the selection process used by industry firms and to support Aboriginal staff through mentoring support.</p> <p>Promoted practices by firms that support greater Aboriginal participation through improved recruitment and retention outcomes.</p> <p>Worked with the Indigenous Chamber of Commerce to facilitate connections between mining industry firms and Aboriginal businesses.</p>
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Characteristics of a successful industry-based agreement broker

Experience from the State-wide IBAs shows that success of an IBA is greatly improved by an effective networking and brokering role between partners and supporters. A successful regional IBA broker should be:

- Committed to supporting superior outcomes for Aboriginal people.
- Committed to good governance: effective engagement with Aboriginal communities, industry, government, not-for-profit sector; transparency and willingness to share experiences and successful initiatives with other agreement brokers and leaders in the community.
- Willing to participate in the Local Decision Making processes, if appropriate, to leverage commitment of partners.
- Possess knowledge of drivers of the opportunity: e.g. industry growth, skills shortages, government mandates, customer service expectations etc.
- Understand opportunities: skills required of Aboriginal people, qualifications and accreditations required, historical factors such as employer or employee expectations that have limited employment or business outcomes for Aboriginal people.
- Identify partners from the government, private and the non-for-profit sectors and understand their capability to assist to enable orchestration of successful interventions and mobilisation of resources available.
- Understand the local Aboriginal community: demography, community leaders, community readiness, needs etc.
- Responsive to address changing needs and opportunities over time.

Non-government organisations (NGOs) should be an essential part of an Agreement. These include industry representative peak bodies, private sector firms, community organisations, Aboriginal corporations and Land Councils.

NGOs bring tried and tested approaches to specific issues that helps to build skills and capabilities and helps to transition people across learning stages from school to vocational training to securing jobs.

Clontarf Foundation and the Girls Academy support young Aboriginal boys and girls to complete their school studies and to transition into training pathways that positions them to secure employment.

Exposure to work environments through visits and observing work being carried out and speaking to Aboriginal employees about what it is like to working at the location helps to enthuse young Aboriginal people and to make informed choices about training and career pathways.

Government partners can provide support for skills and capability development, as well as present markets for industry that engage meaningfully with the Aboriginal people.

NSW Government's Aboriginal Participation in Construction guidelines provide an effective pull-through mechanism which will be enhanced by a proper contract management protocol that does not impose an onerous or unacceptable compliance administrative burden. This burden should be ameliorated through uniform practice within and across NSW Government agencies.

Government agencies operate range of skills development and industry development programs that help Aboriginal people to acquire training and support for transitioning into employment.

Planning for a successful industry agreement

Recognising the potential for industry based agreements to deliver real gains for Aboriginal people and to local economies, the *Inquiry into economic development in Aboriginal Communities* recommended that an IBA include strong accountability mechanisms, satisfactorily measure outcomes and regular public reporting of objectives and outcomes.

Regional IBAs align with principles of *OCHRE* – partnerships, opportunity, local solutions, evidence, participation and practice – to deliver real benefits in a regional setting. They also hold potential for integration into Local Decision Making agreements as determined by Alliance partners and can help to grow local Aboriginal capacity to drive solutions and lift their economic participation.

Success of regional IBAs will require strong accountability, governance, stakeholder engagement and a sound understanding of local opportunities.

Accountability for industry agreement outcomes is best driven by all partners making public commitments. Firm-level commitments should also be made voluntarily and publicly, including periodic public reporting of outcomes achieved by the organisation. These firm-level commitments should be “owned” by top management and they should consider writing them into executive performance agreements.

Government partners should also commit to reporting publicly achievements on a regular basis. For example, outcomes from the Aboriginal Participation in Construction Policy (and associated APPs) should be reported annually and include information at the level of project/procurement action valued at more than \$10million.

Governance arrangements covering both the operational objectives and strategies and plans for achieving them as well as the standards of conduct, processes and systems that operate to ensure that the strategies are implemented properly for the achievement of objectives. Strong governance builds credibility with Aboriginal stakeholders, industry partners and helps to set expectations and indicators of success through considered key performance indicators and targets.

Stakeholder engagement should pay attention to the needs of the Aboriginal community and other key stakeholders (local business leaders, local government program managers and not-for-profit organisations). This is an essential step to developing local solutions and grow Aboriginal capacity to lift Aboriginal economic participation and their longer-term economic resilience. Stakeholders need to be consulted on “what” should be targeted as well as on “how” to achieve the objectives. Agreement brokers (managers?) should be supported to engage effectively with stakeholders so that action plans reflect outcomes that are valued by all.

Understand local opportunities and how best to position the industry agreement to achieve economic gains. For example, do opportunities arise from government procurement action, government service commitments to the local area, local skills shortages etc. These opportunities should guide strategies for the industry agreement and identify specific partners because of the support toolkit that they bring to the industry agreement.

Stakeholder consultations and analysis of the opportunity should inform the development of a program logic model for the local industry agreement. A generic program logic is attached to this document that can be adapted to the local conditions.

An essential strategy should be to build resilience amongst Aboriginal people who train in an occupation so that they can respond to opportunities and challenges that inevitably arise in a modern global economy through impact of technology, changing expectations and trends in community preferences. In other words, support should be tailored to the needs of people over time and at different stages of their careers. For example, participants may need only mentoring and advisory support in later stages of their careers that reflects their greater capability and skillsets as a result of their involvement in Agreement initiatives.

Action plans to implement strategies should be prepared and “socialised” with partners, stakeholders and the community to signal commitment and opportunities for more partners to be drawn for extending the scope of activities and grow success over time.

Next Steps

In light of the lessons from this and previous reviews, Aboriginal Affairs intends to undertake the following:

- Implement a regional approach to the development of industry-focused employment and training agreements, aligned to Local Decision Making Alliances (LDMs), and scoped as part of the formal Accord negotiation process.
- Trial this regional approach with the Three Rivers Regional Assembly (TRRA) and the Illawarra-Wingecarribee Alliance Aboriginal Corporation (IWAAC).
- Evaluate these agreements as part of the overall evaluation of *OCHRE* in partnership with the Social Policy Research Centre at the University of New South Wales.
- Continue to develop agreements with regional LDM alliances and other stakeholders, drawing on lessons learned through a continuous learning approach

Industry based agreements – generic program logic

