



Australian Government

Australian Government response to the
House of Representatives Standing Committee on
Indigenous Affairs report:

Indigenous Participation in Employment and Business

MARCH 2022

The Australian Government welcomes the recommendations outlined in *The Indigenous Participation in Employment and Business* report and thanks the Committee for its work.

The Government is delivering substantial reforms to secure Australia's recovery, by helping Indigenous Australians into quality and long-lasting jobs, strengthening Indigenous businesses and community organisations, and backing its commitment to transform the way governments work with Aboriginal and Torres Strait Islander people. These reforms, framed by the *National Agreement on Closing the Gap* and the *National Roadmap for Indigenous Skills, Jobs and Wealth Creation*, will help meet our collective commitment to strong economic participation and development of Aboriginal and Torres Strait Islander people and their communities.

Recommendation 1

The committee recommends that the National Indigenous Australians Agency (NIAA), in consultation with other agencies, considers developing a richer measurement of performance and outcomes for the Indigenous Procurement Policy (IPP) than just contract numbers and value. Consideration by the NIAA should include how IPP contracts can help maximise Aboriginal and Torres Strait Islander employment and skills transfer.

The Australian Government **supports** this recommendation.

The NIAA is currently working across Government to develop a monitoring and evaluation framework for the IPP. The framework seeks to establish a robust program logic and theory of change for the IPP, and in doing so, develop a deeper understanding of the impact of the IPP on the Indigenous business sector and Indigenous economic participation. The framework will be applied in the next evaluation of the IPP, due in 2022-23.

Recommendation 2

The committee recommends a series of independent random audits of entities that have been awarded IPP contracts to ensure that black cladding is not happening and to assess if employment, skills transfer or other benefits to Aboriginal and Torres Strait Islander peoples is occurring as a result of the contract. Following these audits, Supply Nation should review its policies and procedures to ensure they are fit for purpose.

The Australian Government **notes** this recommendation.

The next full evaluation of the IPP is due to be conducted in 2022-23. This will examine IPP's design (including Indigenous business verification) and economic impact (including Indigenous employment and Indigenous business development).

Supply Nation's existing verification process includes checking ownership documentation and confirming the Aboriginality of at least 50 per cent of the owners. For joint ventures

between an Indigenous and a non-Indigenous business, interviews are also conducted to verify Indigenous involvement in the management and decision-making of the joint venture.

Desktop audits are undertaken annually to ensure registered businesses continue to meet the criteria. Supply Nation receives daily updates from the Australian Securities and Investment Commission (ASIC) regarding any changes to business ownership which allows them to conduct real-time audits, reinforcing the integrity and accuracy of the Indigenous business directory.

Supply Nation also reviews and assesses formal complaints of black cladding. If a business is found to not have at least 50 per cent Indigenous ownership, Supply Nation will take action against the business, including deregistration. Supply Nation also have the capacity in the case of serious fraud or criminality as part of the registrations process to consider legal proceedings and referrals to police and/or other relevant statutory authorities.

Recommendation 3

The committee recommends that Supply Nation review its current definition of an Aboriginal and Torres Strait Islander business to better ensure that awarding IPP contracts benefits Aboriginal and Torres Strait Islander communities. Rather than just a percentage ownership definition, consideration should be given to including, among other things, the proportion of Aboriginal and Torres Strait Islander employees, skills transfer, the use of company profits and whether the business has been able to attract work from the broader commercial marketplace.

The Australian Government **notes** this recommendation.

The Government is continually looking to improve the IPP, to ensure it delivers economic outcomes for Indigenous Australians. In 2019, the Government introduced changes to the IPP to strengthen eligibility requirements of joint venture arrangements formed through the incorporation of an Indigenous business and a non-Indigenous business. Since 1 January 2019, to be eligible under the IPP, incorporated Indigenous joint ventures must have in place a strategy to build the capability and skills of the Indigenous business partner and an Indigenous workforce strategy, with performance reviewed annually.

The next full evaluation of the IPP is due to be conducted in 2022-23. This will examine IPP's design and economic impact, including on Indigenous employment and Indigenous business development.

Recommendation 4

The committee recommends that Supply Nation works with State and Territory based bodies, such as the Northern Territory Indigenous Business Network, to streamline registration processes to create a single national registration and certification system, and thereby reduce the administrative burden on Aboriginal and Torres Strait Islander businesses.

The Australian Government **notes** this recommendation. Most states and territories allow procuring officials to use either Supply Nation's Indigenous Business Direct or a local registry. Listing on more than one registry is not a prerequisite to accessing Indigenous procurement opportunities across Australia. Supply Nation operates a single national registration and certification system compliant with IPP requirements. Nevertheless, greater cooperation between state and territory-based registries and Supply Nation has the potential to streamline the process of listing on multiple registries for Indigenous businesses who choose to do so.

Recommendation 5

The committee recommends that Supply Nation establishes a presence in Northern Australia

The Australian Government **notes** this recommendation.

Indigenous businesses can apply to register with and be verified by Supply Nation online from anywhere in Australia. Supply Nation is a not-for-profit organisation. Strategic and operational decisions, including Supply Nation's regional physical presence, are a matter for its board and executive. The NIAA contracts Supply Nation to deliver the Indigenous Business Direct database but does not currently fund or direct its other activities.

Recommendation 6

The committee recommends that the Australian Government support more business hubs and employment incubators where Aboriginal and Torres Strait Islander businesses can receive assistance with tender processes and with accessing government procurement opportunities.

The Australian Government **supports** this recommendation.

Through the 10-year Indigenous Business Sector Strategy, the Government has committed to developing business and employment hubs, anchored to major cities, to support the development of Indigenous businesses. As a first step, the Government has provided \$22 million in funding to establish two Indigenous business and employment hubs in Perth and Sydney. The Government has also provided \$3 million to support 'The Circle – First Nations Entrepreneur Hub' in Adelaide, delivered in partnership with the South Australian Government. A further \$10 million has been committed to deliver a new hub in Darwin in 2022, as well as satellite services in other key locations across the Northern Territory.

Hubs provide tendering, prequalification and contract execution support to Indigenous businesses as part of a suite of business support services. The hubs also play an important networking function, helping to connect Indigenous businesses to opportunities to supply goods and services to other businesses that have secured government contracts. Whilst the hub offering is primarily focused on business development support, the hubs also provide some employment services. Hubs connect Indigenous job seekers to local employment service providers, market employment opportunities, and provide facilities for job seekers to complete job applications and attend job interviews.

The Government is also supporting Aboriginal and Torres Strait Islander businesses through mainstream services. For example, the Department of Defence is committed to the development of Australian industry, including Aboriginal and Torres Strait Islander businesses, in support of Defence capability outcomes. Defence recently launched the Office of Defence Industry Support (ODIS) to replace the Centre Defence Industry Capability (CDIC) as the one-stop-shop for defence industry for support and guidance. The ODIS will be the trusted link for Australian small and medium businesses, including Aboriginal and Torres Strait Islander businesses, looking to enter—or expand their footprint—in the defence industry. It will work with state and territory industry associations and officials, small to medium sized businesses, and defence primes, to deliver capability the Australian Defence Force needs to keep Australians safe and secure.

The new ODIS Headquarters has been established in Canberra and state-based Industry Engagement Teams have been set up with resources in each state and territory to proactively engage with defence industry and deliver rolling programs through Mobile Defence Industry Hubs.

Recommendation 7

The committee recommends that the Australian Government remove legislative and other barriers that could impede Indigenous Business Australia from expanding its operations.

The Australian Government **supports in principle** the recommendation to remove legislative and other barriers, which may impede Indigenous Business Australia from expanding their operations. The Australian Government will continue to work with Indigenous Business Australia to ensure their operations remain sustainable now and into the future.

Recommendation 8

The committee recommends that all future free trade agreements contain Aboriginal and Torres Strait Islander inclusions, including geographical inclusions, and that the government should support Aboriginal and Torres Strait Islander access to foreign direct investment.

The Australian Government **notes** this recommendation.

The Australian Government is committed to supporting Australian businesses, including Indigenous-led businesses, to export, import, attract investment and invest overseas through securing comprehensive and ambitious free trade agreements (FTAs). The Department of Foreign Affairs and Trade (DFAT) engages regularly with Indigenous stakeholders on active FTA negotiations, including those with the European Union and the United Kingdom.

The Australia-United Kingdom Free Trade Agreement, signed on 17 December 2021, demonstrates the benefits that FTAs can provide to advance Indigenous interests and deliver new opportunities and revenue streams for Indigenous exporters. It includes commitments to:

- make all reasonable efforts to join the multilateral Hague Agreement on Designs, which will provide greater facilitated access to design protection for Indigenous fashion, decorative and industrial designers in international markets;
- implement reciprocal arrangements to provide for royalties to be paid to Australian artists where their artworks are resold in the United Kingdom. Resales of Indigenous artworks constitute the largest group of eligible resales in Australia, providing new future remuneration for artists after the initial sale, and particularly where works grow significantly in value; and
- recognise the importance of genetic resources, traditional knowledge and traditional cultural expression.

On geographical indications protection (GIs), the Australian Government has conducted extensive public consultations, including targeted outreach to Indigenous stakeholders. The Government is considering options to seek protection for Australian GI terms in our negotiations, including opportunities to protect future Australian GIs. Any final outcomes will be subject to negotiation.

A GI must be protected in its country of origin before it can be protected under an FTA or other international agreement. The rules that underpin each GI need to ensure the GI is accessible and inclusive and does not exclude communities with a legitimate interest in using the GI product. There are currently no GIs for Indigenous products, such as bush foods or botanicals, established in Australia. The Government is keen to hear from communities and businesses interested in establishing a GI in Australia and support may be available.

The Australian Government is also committed to an approach on foreign direct investment that reflects the interests of Aboriginal and Torres Strait Islander communities. Austrade, for example, has produced an Investor's guide to land tenure in Northern Australia. The guide has been developed as part of the Australian Government's commitment in the White Paper on developing Northern Australia to provide more business-friendly information on the different land tenure arrangements to increase the appeal of investing in Northern Australia.

Recommendation 9

The committee recommends that the tendering process under the New Employment Services Model give special consideration to Aboriginal and Torres Strait Islander businesses that are also mainstream providers of employment services.

The Australian Government **notes** this recommendation.

The Department of Education, Skills and Employment has released the *Request for Proposal for the New Employment Services Model 2022* seeking responses from organisations interested in delivering Enhanced Services.

In Employment Regions where there is sufficient demand, specialist providers will use their expertise to provide personalised support to some job seeker cohorts, such as Aboriginal and Torres Strait Islander people. The Australian Government encourages responses from Aboriginal and Torres Strait Islander businesses for both Generalist and Specialist services.

To support greater diversity in the provider market, assistance will be provided to new small providers through the establishment of a \$5 million capacity-building fund. The fund will assist eligible providers with the costs to achieve quality and security accreditation requirements.

Recommendation 10

The committee recommends that payments between Jobactive and Vocational Training and Employment Centre (VTEC) providers be better aligned so that there are more incentives to place Aboriginal and Torres Strait Islander candidates into jobs, support them to maintain the position and successfully transition into permanent employment.

Recommendation 11

The committee recommends greater collaboration and integration between VTEC and Jobactive providers to further enhance employment outcomes for Aboriginal and Torres Strait Islander job seekers.

The Australian Government **supports in principle** these recommendations.

The Government announced in the 2021-22 Budget a commitment to develop a new place-based Indigenous Skills and Employment Program (ISEP) to replace the Vocational Training and Employment Centres (VTEC), Tailored Assistance Employment Grants (TAEG) and Employment Parity Initiative (EPI).

The ISEP will come into effect on 1 July 2022, to align with the Government's introduction of Workforce Australia to replace Jobactive.

Whilst existing programs will not be adjusted at this time, a revised approach to Indigenous-specific employment investment will ensure any new programs leverage other government investment, take an evidence-based approach to investment, are locally focused and genuinely complement mainstream employment services.

Recommendation 12

The committee recommends that in engaging in the process of co-design, the Australian Government should consider incorporating the following elements into the redesign of the Community Development Program:

- Should be a place-based program and, as far as possible, be jointly governed and administered with locally and regionally-owned and community-based organisations that reflect the needs and aspirations of their local communities;
- Should recognise the unique characteristics of communities and small area labour markets and be able to address the difference and diversity in communities across Australia;
- Should be part-time work for part-time pay;
- Should not be designed as a welfare or job-replacement scheme;
- Flexibility should be built into the program design with local communities having a leadership role in determining activities to be undertaken within it;
- Consideration should be given to the additional resourcing required for meeting on-costs and the provision of capital for job creation;
- Should support the development of locally generated entrepreneurial activities to create small business opportunities in remote areas; and
- The activity requirements between the newly developed CDP and Jobactive should be better aligned to stop people moving from one program to another.

The Australian Government **notes** this recommendation.

The Government is reforming remote employment services, with the new Remote Engagement Program to replace the Community Development Program. Key aspects of the reforms will be co-designed and trialled in partnership with a number of remote communities ahead of implementing the new Remote Engagement Program, to ensure implementation of the new program has appropriate flexibility to be tailored to place.

The Government will work collaboratively with stakeholders to develop the new program so that it better enables job seekers to contribute to goods and services that will strengthen the economic, social and cultural life of communities while building in-demand skills. The aim is to create a pathway for these job seekers to build skills to find local jobs. The design of the new program will take into account the need for greater flexibility for employment services providers to tailor the supports they offer to meet the needs of remote job seekers and their communities.

There are three layers of engagement to co-design the Remote Engagement Program:

- **A local co-design group** to co-design the trial Remote Engagement Program for the respective region. The Remote Engagement Program trial regions are Mid West/West region and Ngaanyatjarra Lands in Western Australia; Barkly (South East Barkly and North Barkly) in the Northern Territory; the Eyre region in South Australia; and Palm Island in Queensland.
- **A national co-design group** to co-design the Remote Engagement Program that will be rolled out nationally to replace the CDP in remote areas.
- **A national consultation process** is currently underway, complementing the local and national co-design initiatives. This process provides opportunities to those who are not directly involved in the trials or national co-design process to have their say about the future of employment services in remote Australia.

As part of the co-design process, the Government will bring to the table the following building blocks for regions to draw on when co-designing their trial program:

- options to access non-vocational support like family or mental health services
- options to build vocational skills and training for job seekers
- an option to trial the Remote Engagement Payment, the new supplementary payment within the social security system, for eligible job seekers to take on a placement in a local community service to build skills and experience and provide a pathway to a job in the open labour market
- options to support job seekers find jobs and apprenticeships.

Recommendation 13

The committee recommends that training support should be given to meet the needs of individuals and communities for the local labour market, including for identified work under the new CDP program. The committee also recommends that where possible, training should be delivered on country and should deliver transferable skills.

The Australian Government **supports in principle** this recommendation.

The Australian Government has heard what communities and stakeholders have said about current and previous remote employment services. The Government recognises that remote communities want changes so that future employment services better match place-based economic circumstances and labour market opportunities.

As part of the co-design process, the Government will bring to the table a number of building blocks that communities can draw upon when co-designing their trial Remote Engagement Program. One of these building blocks will be an option to build vocational skills and training for job seekers. If a trial region would like to trial this building block, the Government will work with the local co-design group to identify vocational training needs for the region and possible solutions to support remote job seekers to find the best vocational training that is appropriate to their individual circumstances- including the skills, capabilities, experience and activities that are useful in the local or broader labour market.

Recommendation 14

The committee recommends that in reviewing Aboriginal and Torres Strait Islander employment programs, mentoring becomes a central component of any new program.

The Australian Government **supports in principle** this recommendation.

The Australian Government recognises the benefits that culturally appropriate mentoring can have for Aboriginal and Torres Strait Islander people.

Under Jobactive, mentoring support is available to Aboriginal and Torres Strait Islander participants and their employers, host organisations and community members through the Employment Fund. Pre and post placement mentoring is available, which may include support to address participant issues, goal setting, or coaching for a participant at risk of leaving a job placement due to issues they are facing in the workplace. Under Workforce Australia (previously known as the New Employment Services Model, which will replace Jobactive on 1 July 2022), smaller provider caseload ratios will support tailored assistance, including mentoring. Further, support through the Employment Fund will continue to be available to assist providers to build their staff's Aboriginal and Torres Strait Islander mentoring capability.

As part of the new Remote Engagement Program, the Government announced that it would co-design and trial the program in five regions in remote Australia. As part of the co-design process, the Government will bring to the table a number of building blocks for regions to draw on when co-designing their trial Remote Engagement Program. The Government is seeking to design a new program with enough flexibility for employment services providers to tailor the supports they offer to meet the individual needs of job seekers.

On 18 February 2022, the Australian Government announced a \$21.9 million Indigenous Leadership and Governance package to support the next generation of Indigenous leaders. The package includes \$13.5 million for the Australian Indigenous Mentoring Experience (AIME) to continue its operations and implement a strategic plan for expansion to support young Indigenous Australians to undertake leadership roles, further education and employment.

The additional investment in the AIME program will extend the program by three years to 2025 and expand its support to 10,000 students a year, up from the current 6,000 students a year. This will ensure even more young Indigenous Australians can realise their leadership potential and career dreams through this proven mentoring and skills development program, and become the next generation of leaders in business, community and the public sector.

Recommendation 15

The committee recommends that all providers under the New Employment Services Model and the revised CDP be required to contact prospective employers about their willingness to take on a job seeker with a police record before seeking to place that candidate. The committee further recommends that employers be incentivised to employ such candidates.

The Australian Government **notes** this recommendation.

Providers who deliver services under Workforce Australia (previously known as the New Employment Services Model, which will replace Jobactive on 1 July 2022), will be expected to effectively engage with local employers and industries to create employment opportunities appropriate for individual participants, including job seekers with a police record. Lower provider caseload ratios will support the delivery of intensive case management and allow providers more opportunity to engage proactively with employers. Specialist providers with expertise in working with ex-offenders may be licenced to deliver Enhanced Services in some locations under Workforce Australia.

As part of co-design and public consultation process for the new Remote Engagement Program, the Government will work with communities, service providers and local employers to explore ways providers and local employers could work together to support job seekers to find a job.

Recommendation 16

The committee recommends that the Australian Government provides funding, in consultation with local communities, through both the New Employment Services Model and the revised CDP to provide transport options for Aboriginal and Torres Strait Islander job seekers who would otherwise struggle to attend work.

The Australian Government **supports in principle** this recommendation.

The Australian Government recognises that a lack of access to reliable transport can be a significant barrier to securing and maintaining employment for many Australians. Under Jobactive and Workforce Australia, support is available through the Employment Fund to assist job seekers with the costs associated with public and private transport for job search related activities.

On 31 August 2021, the Government announced that additional support will be made available to fund assistance for job seekers to get a driver's licence. Job seekers participating in employment services through a Jobactive provider will be eligible to access increased support for driving lessons to help them complete the required hours to get their driver's licence. In addition to the increased assistance for driving lessons, Jobactive employment services providers can also support job seekers with other travel costs such as public transport and fuel. This support will be retained for Workforce Australia.

Under the Community Development Program (CDP), providers can assist job seekers in remote communities to attain their driver's licence when it is required to gain the skills to participate in an activity or secure a job. Transport assistance is also available, including as part of post placement support to ensure the best chance for CDP job seekers to develop and maintain a daily routine in a new workplace. Options for ongoing support will be considered as part of the co-design and consultation of the Remote Engagement Program.

Recommendation 17

The committee recommends that the Australian Government develop systems to collect timely and reliable data that can track people through the employment, education and welfare system to better evaluate the success or failure of policies in individual circumstances. The data should include economic and social indicators and outcomes.

The Australian Government **notes** this recommendation.

Indigeneity is a key demographic characteristic the Australian Government endeavours to analyse whenever feasible in performing program evaluations.

A significant amount of data is already collected by the Australian Government, in addition to that collected by state and territory governments, about Indigenous Australians in the education, employment and welfare systems. The Australian Government's view is that improving data interoperability to facilitate analysis and monitoring across different systems would be more valuable than collecting additional data. Greater data interoperability would improve cross-program monitoring and analysis, and lead to better-informed policy responses.

The Australian Government is building capability to use data integration (including through the Australian Bureau of Statistics led Multi-Agency Data Integration Project) to better understand pathways out of income support for Indigenous Australians.