National Indigenous Australian Agency

Response to Questions Taken on Notice at Public Hearing on 5 March 2020

House of Representatives Standing Committee on Indigenous Affairs Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business

The joint NIAA-DESE-DSS-APSC[1] submission to the House of Representatives Standing Committee on Indigenous Affairs (HORSCIA) Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business was submitted on 31 January 2020. On 5 March 2020, NIAA appeared at a public hearing of the HORSCIA Inquiry. Seven questions were taken on notice. NIAA in consultation with DESE has prepared responses to questions taken on notice and responses have been outlined below.

Question 1 - Request for disaggregated data by urban, regional and remote areas for connection between employment outcomes and success rates of people in higher education.

Number of domestic students who have completed a higher education award in 2017 and 2018 broken down by Indigenous status and location:

Location	2017			2018		
	Indigenous	Non-Indigenous	Total	Indigenous	Non-Indigenous	Total
Remote[2]	72	1,557	1,629	91	1,557	1,648
Regional[3]	831	36,594	37,425	1,028	38,063	39,091
Metro	1,578	176,782	178,360	1,704	181,549	183,253
Location not known[4]	46	7,339	7,385	43	6,432	6,475
Total	2,527	222,272	224,799	2,866	227,601	230,467

- This data has been provided by the Department of Education, Skills and Employment.
- The data provides a profile of outcomes between Indigenous students and non-Indigenous domestic students in higher education awards for 2017 and 2018 by their locality.
- The award completion[5] for Indigenous students have increased in all regions over the period, with:

[1] National Indigenous Australians Agency - Department of Education, Skills and Employment – Department of Social Services – Australian Public Service Commission
2 A remote student includes those students from either a Remote or Very Remote area as defined under the ASGS
3 A regional student includes those students from either an Inner Regional or Outer Regional area as defined under the ASGS.
4 A small number of students are unable to be classified to a regional classification
5 Award completion is whereby a student completes all the academic requirement of a course which includes any required attendance, assignments, examinations, assessments, dissertations, practical experience and

- o Remote Indigenous students having a 26 per cent increase in course completions;
- o Regional Indigenous students having a 23 per cent increase in course completions;
- o Metropolitan Indigenous students having a 7 per cent increase in course completions.

- The increase in award completion for non-Indigenous students is relatively small compared to the increase recorded by Indigenous students in the same region. Non- Indigenous students in metropolitan regions recorded the highest increase at 2.7 per cent, regional at 4 per cent and remote recorded no increase for non-Indigenous students.

Question 2 - Supplementary information to the submission regarding work commissioned on data linkages to build an integration process that particularly focuses on employment data and other economic data to get a better idea on the effectiveness and efficiency of different employment programs.

There is a gap in understanding around the long-term outcomes for Indigenous employment program participants. The Community Development Program (CDP) and many Indigenous-specific employment programs do not record employment outcomes for participants beyond 26 weeks. NIAA is undertaking work with the Australian Bureau of Statistics (ABS), using integrated Commonwealth administrative data to better understand the employment outcomes and, to the extent possible, the interaction between employment service programs for Indigenous jobseekers. This work and integrated data may also inform further analysis on the effectiveness of Indigenous-specific employment services.

Question 3 - Question taken on notice regarding the New Enterprise Incentive Scheme (NEIS) administered by the Department of Education, Skills and Employment (DESE), in particular how this program is working for Aboriginal businesses and if there is any data available how successful it has been, what the locations are and who the NEIS providers are.

As at 22 March 2020, New Business Assistance with NEIS has assisted 821 Indigenous participants to start their own business over the contract period (from 1 July 2015). This comprises three percent of all NEIS participants.

New Business Assistance with NEIS is delivered by 20 providers in 51 Employment Regions across Australia. Information about these Employment Regions is available at http://lmip.gov.au/. Remote areas are serviced under the Community Development Program (CDP - https://www.niaa.gov.au/indigenous-affairs/employment/cdp). A list of providers is below.

New Enterprise Incentive Scheme Providers
ABS Institute of Management
APM Employment Services

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work experience in industry. Where a combined course automatically leads to two separate awards, a course completion only occurs when the requirements of both awards have been satisfied (This is not necessarily equivalent to the number of students graduating as a student may complete more than one degree during the same period, such as a double degree)

New Enterprise Incentive Scheme Providers
Auctus Business Training and Consulting
Box Hill Institute
BRACE Education and Training
Business Foundations Inc
Central NSW Business HQ
Enterprise & Training Company Limited
Holmesglen Institute
MTC Australia
My Pathway
National Business Advisory Services
National College of Vocational Education
NetGain
New Hunter Business
NORTEC Staffing Solutions
PeoplePlus
RMIT University
Sarina Russo Job Access
Sydney Business

Question 4 - Question taken on notice about the relationship between 12 remote business incubators and the NEIS as a mainstream program, in particular what the differences are, how they relate to one another and what the outcomes are.

The Remote Indigenous Business Incubator Pilot (Incubators) is a program funded under the Indigenous Advancement Strategy (IAS) and administered by NIAA. Incubators are being piloted in 12 Community Development Program (CDP) regions in remote Australia. Select CDP Providers are delivering the Incubators which work with local Aboriginal and Torres Strait people to establish small businesses, and support them as they stabilise. This may include, but is not limited to, supporting clients who are CDP participants to commercialise their CDP activities.

New Business Assistance with NEIS is delivered by 20 providers in 51 Employment Regions across Australia and is only available to job seekers who reside in Jobactive Employment Regions which are different to CDP regions. As such, Incubators are not delivered in the same places as NEIS and have a different client base.

There are other distinctions in the services delivered by NEIS and Incubators.

NEIS helps people to start their own business by providing:
- accredited small business training
- personalised mentoring and support from a NEIS provider in the first year of the new business to help participants put their business idea into practice; and
- income support for up to 39 weeks (NEIS Allowance) and NEIS Rental Assistance for up to 26 weeks (if eligible).

Incubators are funded for two years to improve micro-enterprise skills in remote Australia and by employing a Business Development Officer (BDO) who works from the Incubator in the local community by:
- building financial literacy, business skills and supporting small businesses to get started; and
- providing culturally appropriate, in-house business advisory support services for local Aboriginal and Torres Strait Islander people (including but not limited to CDP participants).

The support the BDO provides is local and intensive. There is no requirement for Incubators to deliver accredited training, and clients can engage for as little or as long as they want.

Question 6 – Questions taken on notice about the Key Performance Indicators (KPIs) for Indigenous business and employment hubs.

The KPI's for the Indigenous Business and Employment Hub contracts reflect the three stages of designing, establishing and delivering a Hub.

Success for the delivery of a Hub is defined against a set of KPIs that are focussed on service deliverables to the Hub users. These include targets for: providing quality service in a timely manner, facilitating training and education events, delivering tailored support services to growing Indigenous businesses, developing a corporate engagement program, hosting networking events, and managing customer satisfaction. A customer relationship management system will measure Hub deliverables, with surveys measuring client satisfaction on both the content and quality of services.

The Hub contract KPIs can also be reviewed as needed. This is to ensure they are reflective of the maturity of the Hub, and respond to the needs of the local Indigenous business sector.

Question 7 – Question taken on notice about remote area labour market (small area labour markets), in particular what job opportunities are available in those area and options when there are no job opportunities. Information (particularly data on small area labour markets) to be provided from northern economic development work which NIAA is currently running as a taskforce.

Remote Labour Markets

Remote labour markets are mixing income from government support, local businesses, and non-income generating activities such as unpaid work in the home and cultural obligations. There are

jobs in remote areas to meet local needs with the public sector, such as public administration, health, safety, and education.

Some remote areas can also develop jobs in the private sector; this largely depends on their proximity to natural resources and infrastructure. If available, this empowers some communities to develop joint ventures and partnerships often in mining and resources, energy, environmental services, and tourism. In the absence of natural resources and amenities, communities can develop opportunities around pastoral activities, arts and culture, and environmental services.

Employment and Economic Opportunities

As outlined in the Joint Submission to House of Representatives Standing Committee on Indigenous Affairs Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business, the NIAA is supporting remote employment and entrepreneurial opportunities through a number of initiatives targeting economic participation. These initiatives include vocational training and tailored employment, procurement, education, finance and infrastructure programs and services to support pathways and participation opportunities for Indigenous Australians in employment and business.

The NIAA provides employment services to remote areas through the CDP. In 2016, the Australian Census reported a national unemployment rate of 7 per cent. For the same period, more than half of the 60 CDP regions had unemployment rates above 10 per cent and approximately a third had rates above 20 per cent. In recognition of the thin labour market and high unemployment in many CDP regions, CDP services are tailored to each region to suit the needs and support the goals of that community, in addition to supporting job seekers to secure employment.

The CDP also supports local employment markets through economic and enterprise development to increase the number of employment opportunities. CDP activities can be used to generate income, establish new enterprises and keep income locally. They can also be used to build skills and develop goods and services that community members want, such as furniture, clothes lines, smoke alarm installation, outdoor shelters and other minor construction projects. Establishing sustainable enterprises can build wealth and empower remote communities to take control over their future.

Additionally, a range of funding and programs are available in remote regions to support the establishment and growth of new and existing businesses. For example, while enterprise development is a recognised CDP activity in all regions, some providers may be involved in delivering a CDP business incubator pilot to provide tailored wrap-around support to Indigenous job seekers to develop their business ideas.

Data

NIAA does not hold data on small area labour markets. DESE provide quarterly national data on employment and labour force estimates for small labour market areas. These areas (SA2) have an average population of about 10,000 persons and include towns with a population in excess of this (with a population range of 3,000 to 25,000 persons).

In the 2016 Census, the unemployment rate of Indigenous Australians aged 15-64 years in very remote Australia (29 per cent) was twice that of major cities (15 per cent). Half (50 per cent) of Indigenous Australians aged 15-64 years in remote areas were not in the labour force, compared to 39 per cent in non-remote areas. However, 2016 Census estimates of unemployment for remote areas should be interpreted with care as they were subject to high sampling errors.

Supplementary information – while no specific questions were taken on notice in relation to information provided below, NIAA considers the Committee members would have an interest in the issues based on the lines of inquiry during the public hearing.

Black Cladding

Supply Nation is funded to manage the Indigenous Business Direct and at times receives complaints that a business is 'black clad'. Where Supply Nation is notified of a claim that a business may be 'black clad', it will review the complaint and determine if the complaint warrants investigation. Where an investigation is warranted, the business is suspended from Indigenous Business Direct while an audit of the business is conducted. If the business is found to be 'black clad', they are permanently removed from the directory. If the business is found to be a legitimate Indigenous business per Supply Nation's definition, then the business is re-set to live on Indigenous Business Direct. Since February 2018, there have been a total of six complaints regarding 'black cladding', none of these complaints have been found to be valid.

More information on Black Cladding, including what constitutes it can be found at Supply Nation's Fact Sheet page: https://supplynation.org.au/resources/fact-sheets/.

Checks and balances

Confidence in the eligibility criteria is essential to ensure community confidence in the Indigenous Procurement Policy (IPP). Supply Nation is the only organisation to recognise two levels of Indigenous ownership. When listing on Indigenous Business Direct, Indigenous businesses that are located in Australia and that have an ABN can nominate to be registered or certified. Full eligibility criteria for each is available from the Supply Nation website (https://supplynation.org.au/benefits/supplier/).

Key features of each are listed below:

Certified:
- 51% or more (and often 100%) Aboriginal and/or Torres Strait Islander owned, managed and controlled;
- Has trading evidence of at least $50k income in the last 12 months;
- Is for-profit; and
- Is not a franchise or registered charity.

Registered:
- Is 50% or more Aboriginal and/or Torres Strait Islander owned;
- Makes the majority of its revenue through providing a product or service, as opposed to grants and donations; and
- Is an incorporated association (limited by guarantee), publicly listed company or any other valid non-for-profit (NFP) entity.

The rationale for holding registration at 50% ownership (which is the definition of an Indigenous Business for the purposes of the IPP and also the Indigenous Business Sector Strategy) by Aboriginal and/or Torres Strait Islander peoples is to facilitate both: incorporation of small Indigenous businesses, often managed by as few as two people; and, to facilitate the incorporation of an Indigenous Joint Venture between an Indigenous and a non-Indigenous business.

Joint Ventures

In 2019 changes were made to the registration requirements for incorporated Indigenous Joint Ventures. The changes were implemented in response to stakeholders' concern that disingenuous arrangements could be formed in order for non-Indigenous businesses to access IPP contract opportunities.

From 1 January 2019, to be eligible to bid for Commonwealth contracts under the IPP, incorporated Indigenous joint ventures must:

- Be an incorporated company (registered with ASIC or ORIC as an Aboriginal Corporation) formed through the incorporation of an Indigenous business and a non- Indigenous business;
- Be at least cumulatively 50% owned by an Aboriginal and/or Torres Strait Islander person(s);
- Be able to demonstrate at least 50% Indigenous control (involvement) of the joint venture and Indigenous involvement in the management of the joint venture;
- Be for-profit in that the joint venture is able to distribute its equity to its shareholders and not be a registered charity in its own right;
- Be able to trade as a business in its own right;
- Be registered in Australia;
- Demonstrate commercial independence.

In addition to the new requirements, the joint venture must also have in place:

- a strategy to build the capability and skills of the Indigenous business partner
- an Indigenous workforce strategy.

Supply Nation currently have 45 incorporated joint ventures on Indigenous Business Direct and have approved 19 new Joint Ventures since 1 January 2019 under the revised arrangements. In the last six months Indigenous Joint Ventures have won 3.42% of all Commonwealth contracts, to a value of $1,809,128. The new arrangements will be reviewed in second half of this calendar year, subject to consideration of the impact of COVID-19 and the timing for the review that makes the most sense in the current economic and business environment.

More information on the changes can be found on Supply Nation's Fact Sheet: https://supplynation.org.au/resources/fact-sheets/.

In addition to Supply Nation conducting an annual review of all listed suppliers, the organisation also receives daily updates from ASIC regarding any changes to business ownership enabling real-time audits on Indigenous Business Direct. This reinforces the integrity and accuracy of Indigenous businesses listed on Indigenous Business Direct.