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Australian Government
Department of Employment and
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National Office

GPO Box 9879 CANBERRA ACT 2601

Ms Cheryl Scarlett
Inquiry Secretary
House of Representatives
Standing Committee on Aboriginal and Torres Strait Islander Affairs
PARLIAMENT HOUSE CANBERRA ACT 2600

Dear Ms Scarlett

Thank you for inviting the Department of Employment and Workplace Relations to appear before the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs on Monday, 26 March 2007.

I am pleased to provide the Committee with the enclosed update of data previously provided in the Department's original and supplementary submissions.

I am also enclosing for the Committee's information, the Indigenous Potential meets Economic Opportunity discussion paper of November 2006, and accompanying Question and Answer booklets for the consultation and outcome, and recent media releases by the Hon Joe Hockey MP, Minister for Employment and Workplace Relations, regarding reforms to Indigenous Employment Services.

Please contact me on 02 6121 5380 should the Committee require any further information.

Yours sincerely

Bob Harvey
Group Manager
Indigenous Employment and Business Group
26 March 2007

Update to Submissions by the Department of Employment and Workplace Relations

The following is an update of data previously provided in the Department of Employment and Workplace Relations' original submission of 6 August 2005 and supplementary submission of 22 May 2006.

1. Introduction

In response to the Australian Government policy and the delivery of services and assistance to Indigenous people, DEWR has been undertaking major reforms to Indigenous employment policies and programmes.

There are already indications that Indigenous job seekers are accessing a wide range of services to assist them in finding work and that they are being placed into employment in increasing numbers. Job Network placed over 47 900 Indigenous job seekers in work in the 12 months to end January 2007, an 11 per cent increase on the previous 12 months and a new annual record. In the 12 months to end of January 2007, more than 13 300 long term (13 week) jobs were recorded for Indigenous job seekers, an increase of seven per cent on the previous 12 month period and a new annual record.

In addition, between 1 July 1999 and 31 January 2007, over 63 500 Indigenous Australians were placed in employment and training through Indigenous-specific employment programmes.

2. Indigenous Economic Development Strategy

2.1. *Local jobs for Local People*

The Local Jobs for Local People initiative aims to ensure Indigenous Australians, particularly in remote and rural communities, have the chance to compete for and win local jobs, which are often filled by people from outside the region or non-Indigenous Australians.

Local Jobs for Local People brings together members of the Indigenous community, employers, service providers and institutions to work together. They identify employment and business opportunities, plan training for individuals for these positions and ultimately match trained people to fill these job vacancies and business opportunities.

- 18 communities of Cape York are involved in the Cape York Indigenous Employment Strategy.
- 52 communities in the Northern Territory have had job mapping undertaken under a contract between DEWR and the Local Government Association of the Northern Territory.
- In the Murdi Paaki Region in New South Wales, where the Council of Australian Governments (COAG) trial involves 16 communities. An overarching employment and economic development strategy has been put in place with community-level employment strategies being developed.
- In Western Australia, DEWR is currently working with key stakeholders to develop appropriate employment strategies to support local jobs for local people in the East Kimberley and the Pilbara regions.
- Jobs audits have been completed in many communities. Employment workshops involving community, government and employer stakeholders have also been held in some locations (for example Shepparton in Victoria). DEWR is working closely with other Australian Government and State/Territory Government agencies on implementation and local initiatives.

2.2. Targeted industry strategies

Minerals Council of Australia

A five-year Memorandum of Understanding (MOU) between the Australian Government and the Minerals Council of Australia (MCA) was signed on 1 June 2005 and is an example of the work being undertaken to link job seekers in Indigenous communities with industries which operate within their region.

Implementation of the MOU is oversighted by a steering committee comprising representatives of MCA member companies, the Department of Families, Community Services and Indigenous Affairs (FaCSIA), DEWR, and the Department of Industry, Tourism and Resources. The steering committee is chaired jointly by the MCA and FaCSIA.

The Steering Committee is currently considering adding four more projects in 2007; one each for Western Australia, South Australia, Queensland and Northern Territory.

2.3. Community Development Employment Projects (CDEP) Programme Reform

Since DEWR began administering the CDEP programme in July 2004 there has been significant and ongoing reform to CDEP in order to reinforce the programme as a stepping stone to economic independence. In 2005–06 and 2006–07, DEWR introduced changes to the CDEP programme which have resulted in record numbers of people moving off the programme and into real jobs. For the financial year to end February 2007, 3898 employment placements through CDEP have been achieved, which is already more than the total employment placements for the full 2005–06 financial year.

With the Indigenous unemployment rate almost three times the national average, it is clear that Indigenous Australians are not benefiting from the strong economic conditions in the same way as other Australians. While CDEP performance has improved with recent reforms, only a small percentage of CDEP participants are placed into employment. More comprehensive changes to CDEP are necessary for Indigenous Australians to benefit from the strong labour markets, particularly in urban and major regional centres with good employment opportunities.

Changes to the Indigenous Employment Services programme in 2007-08

In November 2006 the *Indigenous Potential meets Economic Opportunity* discussion paper was released. The discussion paper proposed a new service model for employment services for Indigenous Australians in urban and major regional centres.

An extensive consultation process on the proposed changes was conducted in November and December 2006. 70 submissions were received by the Department of Employment and Workplace Relations and more than 1300 people attended face-to-face consultation sessions.

Following feedback from the consultation sessions, a number of changes will be made to the programme in 2007–08. The major changes in 2007–08 are as follows:

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- Funding for Community Development Employment Projects will stop in some areas on 30 June 2007. These will be urban and major regional areas with strong employment opportunities.
- The Australian Government will instead fund additional Structured Training and Employment Projects brokers from 1 July this year to take advantage of these strong employment opportunities.
- All Indigenous Employment Centres across Australia will also close on 30 June 2007.

Approximately 6100 Indigenous job seekers will benefit from this change. 48 CDEP Service Providers and all IECs will be affected by these changes.

The Community Development Employment Projects programme will continue to operate in remote areas and regional locations where there are weaker labour markets. In these locations, the programme will continue to have a focus on moving people into jobs wherever possible.

Transition Management

DEWR is implementing a comprehensive transition strategy for all locations affected by the change.

The strategy is being implemented by a dedicated National Office transition team.

State Offices have also established teams to support transition. Centrelink is actively involved also at both national and local level.

Transition is supported through Transition Guidelines and Site Transition Plans:

- The **Transition Guidelines** contain the principles which will support the various components of the transition process. These principles guide State Office staff in working through transition and will ensure a consistent approach to transition across Australia.
- The **Site Transition Plans** developed by Contract Managers are tailored to the specific transition needs of each CDEP organisation.

The actions outlined in each plan take into consideration local issues, guided by the framework established in the Transition Guidelines.

The key stakeholders considered in transition activities are:

- Community Development Employment Projects (CDEP) programme service providers and Indigenous Employment Centres and;
- CDEP participants.

CDEP service providers and IECs are being supported through the site transition plans which are tailored to their individual needs to provide them with as much help as possible to move to the new service model, or to ensure they are able to continue as ongoing entities.

For CDEP and IECs participants, the Department is seeking - with the assistance of CDEP service providers, Centrelink, and other employment service providers - to place affected CDEP participants into employment. Where it is not possible to place a participant into employment, the Department's focus will be on ensuring that they receive the most appropriate assistance taking into consideration their personal circumstances.

Structured Training Employment Projects (STEP) - Employment Related Services

The Structured Training and Employment Programme – Employment Related Services (STEP brokerage) Tender opened on 17 February 2007 and closed at 2.00pm Canberra time on Wednesday 14 March 2007.

This competitive tender process seeks to add organisations to the STEP ERS panel to deliver STEP brokerage services. STEP Brokers may be able to provide the following assistance to participants and employers:

1. Pre-employment Support Services;
2. Employment Placement Services; and/or
3. Mentoring Services.

The tenders are currently being considered through a competitive process in which organisations were required to demonstrate their

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capacity to deliver the programmes against a number of evaluation criteria. The processes for assessing all funding submissions and tenders are based on ensuring fairness and equity for all applicants and are subject to strict probity guidelines. It is anticipated that the outcomes of the tender process will be known in mid April.

2.4. Employment Service Performance

This initiative aims to improve the ability of employment service providers to achieve employment outcomes for Indigenous Australians, through Job Network services, Indigenous Specialist Job Network members and specially tailored services, such as Indigenous Employment Centres.

There are already indications that Indigenous job seekers are accessing a wide range of services to assist them in finding work and that they are being placed into employment in increasing numbers. Job Network placed over 47 900 Indigenous job seekers in work in the 12 months to end January 2007, an 11 per cent increase on the previous 12 months and a new annual record. In the 12 months to end of January 2007, more than 13 300 long term (13 week) jobs were recorded for Indigenous job seekers, an increase of seven per cent on the previous 12 month period and a new annual record.

In addition, between 1 July 1999 and 31 January 2007, over 63 500 Indigenous Australians were placed in employment and training through Indigenous-specific employment programmes.

An important part of this initiative will be to ensure that all Indigenous Australians with the capacity to work are engaged in activities that will improve their ability to gain employment. As a first step, Australian Government departments, in consultation with State/Territory Governments are working together to remove Remote Area Exemptions (RAEs) from activity testing for income support recipients in remote communities, while making employment and other assistance available in their area, if it was not previously available.

The Department of Employment and Workplace Relations is working with other agencies to remove RAEs in over 200 communities as part of a phased approach to increasing employment and participation opportunities in remote communities.

RAEs have been removed in 34 communities (plus 49 associated outstations). Centrelink has commenced removing RAEs (or is in the process of scheduling interviews with job seekers) in 18 communities

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(plus 59 associated outstations). Consultations have commenced in a further 19 communities (plus 49 associated outstations).

Administrative data indicates that participation has increased in communities where RAEs have been removed. Data from February 2007 shows that, of 936 individuals who had their RAEs removed, 739 were registered with Job Network and 429 were participating in CDEP (a number were in both Job Network and CDEP).

2.5. Vocational Education and Training (VET) linkages

The Vocational Education and Training linkages initiative aims to make better use of education and training providers to improve the skills of Indigenous Australians to match employer needs.

This involves improving Indigenous participation in school-based New Apprenticeships, the CDEP Pathways to Employment Project, the Indigenous Youth Mobility Programme and ensuring CDEP participants aged 15–17 years have the opportunity to participate in education and vocational training as part of their CDEP participation requirements.

2.6. *Developing Enterprise Opportunities*

This initiative aims to develop Indigenous businesses, especially for the provision of services such as community stores. To support this initiative, Indigenous Economic Development Officers (EDOs) have been introduced who will identify local Indigenous entrepreneurs and business opportunities at a regional level, and help Indigenous people to access capital assistance and mentoring support through a range of business support programmes.

The Commonwealth has partnered with the Northern Territory Government to place four EDOs based in Darwin, Nhulunbuy, Katherine and Alice Springs, with the Queensland Government to place four EDOs in Rockhampton, Mount Isa, Townsville, Toowoomba and Mackay, and is finalising an agreement to co-fund five EDOs with the Western Australian Government. The Commonwealth has also partnered with Broome Business Enterprise Centre, Murdi Paaki Regional Enterprise Corporation and Orana to fund EDOs focused on obtaining better economic outcomes within their regions. In addition, a joint project sees the Department and IBA engaging EDOs to focus on increasing economic development outcomes through housing initiatives.

As part of the 2006–07 Budget, an Outback Stores initiative was announced to improve the performance of community stores, improve the quality and affordability of healthy food and leverage opportunities for greater economic development within communities. IBA has established a subsidiary company which provides a framework for group discount purchasing and better managerial, supply chain, food handling, nutrition and financial arrangements. A commercial management model for participating stores will ensure the ongoing viability and standard of participating community stores.

2.7. Business Leader Initiatives

This initiative is helping Indigenous entrepreneurs with training and assistance and builds aspirations among Indigenous communities by showcasing and promoting successful Indigenous businesses and business people.

This initiative involved working to ensure emerging entrepreneurs are linked with appropriate mentoring, business and financial support and industry experts to help them with the development and implementation of their business ideas.

In addition, business hubs are being set up in several locations to help with the start-up of new or expanding Indigenous businesses. Three hubs have started operations in the Northern Territory (in Darwin, Alice Springs and Tennant Creek), pre-existing hubs in Shepparton and Brewarrina have been supported to expand their services and a pilot of an Indigenous tourism-focused business hub is being jointly progressed by the Commonwealth and the Northern Territory Government in Nhulunbuy.

Through hosting of the eight business development workshops, the Department has published case studies of successful Indigenous enterprises. A resources guide developed for the workshops has been published on the Department's Workplace portal (www.workplace.gov.au).

IBA, DEWR and DEST are progressing a joint initiative with Innovation Business Skills Australia (IBSA) to improve access to training for Indigenous Australians to acquire business skills. Following a mapping exercise and extensive consultation process, IBSA has developed training modules to fill identified gaps which are currently going through the accreditation process. IBSA will then promote the newly developed training modules to training providers to ensure they are delivered.

2.8. General Business Support

There is a range of business support services, both Indigenous and mainstream, to assist the development of enterprise. They provide a toolkit of flexible resources to address individual business needs.

The Department has provided updated information on our Indigenous employment and business development programmes for www.business.gov.au and is constantly monitoring content on www.workplace.gov.au to ensure it is focused on the needs of our client groups, particularly Indigenous Australians seeking assistance to start businesses and gain employment.

The Department and IBA are continuing to update applications and assistance guidelines for business development programmes in order to improve consistency between IBA and DEWR and streamline service delivery.

Following two pilots of micro-finance products by DEWR and IBA, IBA has expanded its Business Development Programme products to include elements focused on assisting micro-enterprises expand.

3. Welfare Reform

Cape York pilots

On 26 April 2006, Minister for Indigenous Affairs, Mal Brough announced approval of \$3 million for the Cape York Institute to map out a new direction for Indigenous people receiving welfare. The Cape York Institute believe that a major change in the welfare support systems backed by strengthened institutional supports will result in significant improvements in outcomes within five years and transform communities within a generation.

The study is being conducted in consultation with the four Cape communities of Aurukun, Hopevale, Coen and Mossman Gorge and with the guidance of government agencies. The Government will consider whether to implement any recommendations once the study is complete.

The project is at the design phase with the interim report due in late March 2007 and the final report is expected to be delivered in September 2007.