

Chapter 6

Term of Reference (d) Employment and enterprise opportunities

6.1 Improvements in employment and enterprise development in regional and remote Indigenous communities have been slow and programs have had varying levels of success over the years, with the current unemployment rate for the Indigenous population¹ still over three times higher than the rate for non-Indigenous people.²

6.2 The area of Indigenous employment and enterprise opportunities—which has received a great deal of recent attention from both the Commonwealth government and the private sector—is seen as one of the best ways to drive economic development and solve some of the entrenched social problems in regional and remote Indigenous communities. However, the barriers to greater employment and the creation of enterprise opportunities are complex and fundamentally connected to many of the issues already discussed in this report.

Indigenous Business Australia

6.3 The committee has obtained the recent evaluation of Indigenous Business Australia (IBA) by the Office of Evaluation and Audit (Indigenous Programs) which assessed the effectiveness and efficiency of IBA's programs and program delivery.

6.4 The committee notes that the evaluation found the IBA *Investments* program—which aims to facilitate wealth creation among Indigenous communities through medium-to-large scale business activities—attracted Indigenous co-investment in around one-third of IBA's ventures, while direct Indigenous employment opportunities were provided in almost half of investments. The evaluation also found that 'the transfer and development of skills to Indigenous co-investors (e.g. financial skills, business acumen) remains an ongoing issue' for IBA.³

6.5 Overall, the evaluation found that IBA required an improved performance monitoring framework 'that adequately captures client outcomes and assists to more clearly demonstrate its role in Indigenous economic development'.⁴ Currently, it is

1 CDEP participants are not included when calculating the unemployment rate and for remote Indigenous communities CDEP can represent a significant proportion of employment.

2 Australian Bureau of Statistics, *The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples*, 2008 (cat. 4704.0), p. 14.

3 Department of Finance and Deregulation, Office of Evaluation and Audit (Indigenous Programs), *Evaluation of Indigenous Business Australia (IBA)*, December 2007, p. 4.

4 Department of Finance and Deregulation, Office of Evaluation and Audit (Indigenous Programs), *Evaluation of Indigenous Business Australia (IBA)*, December 2007, p. 15.

difficult for IBA to demonstrate that its programs improve economic independence for clients and this is an area of concern for the committee.

6.6 The committee will take a particular interest in IBA and its role and benefits for Indigenous communities throughout the course of its inquiry.

Other concurrent inquiries of interest

6.7 The House of Representatives is currently undertaking an inquiry specifically into developing Indigenous enterprises and opportunities to encourage Indigenous controlled as well as joint ventures in small and medium sized businesses. The committee notes the terms of reference:

- whether current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises are effective, particularly in building sustainable relationships with the broader business sector;
- identifying areas of Indigenous commercial advantage and strength;
- the feasibility of adapting the US minority business/development council model to the Australian context; and
- whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.⁵

6.8 The inquiry has received 64 submissions and held ten public hearings to date. The committee awaits the findings of this inquiry and will utilise the report to identify any specific issues requiring further inquiry.

Issues raised

6.9 Rio Tinto has summarised the main barriers to Indigenous employment as being:

- a lack of general education infrastructure specifically early childhood education;
- low levels of literacy;
- an underinvestment in appropriate and industry specific vocational education and training;
- a lack of drug and alcohol rehabilitation services;
- poor access to health services;

5 House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, *Inquiry into developing Indigenous enterprises*, 2008.
<http://www.aph.gov.au/house/committee/atsia/indigenousexterprises/index.htm>
(accessed 11 September 2008).

- a lack of childcare services and support for families;
- the lack of housing infrastructure; and
- the poor alignment of employment services with the training sector.⁶

6.10 The Minerals Council of Australia (MCA) agreed, stating:

...that it is in a unique position to be able to make a significant contribution to the socioeconomic development of remote Indigenous communities... However opportunities are limited by the poor delivery of essential services, or citizenship entitlements, such as education, health and medical services, water and housing and the fact that in many communities English is their third or fourth language.⁷

6.11 The committee observed that the main tourist accommodation in Fitzroy Crossing, the Fitzroy River Lodge, which is majority owned by the members of the local Indigenous community, did not employ a single Indigenous person at reception or in the restaurant. The committee heard a variety of reasons for this including a relatively small pool of skilled or semi-skilled Indigenous labour, low literacy and numeracy skills as well as low levels of self-confidence and familiarity with 'whitefella culture'.⁸

6.12 Many submissions also described the need to create culturally appropriate employment opportunities and emphasised that government and private enterprise should recognise and explore different ways of operating in order to make a real difference. This is described by the National Rural health Alliance in the following way:

It should be recognised that in some social environments there are 'two ways' of doing business. Existing linkages between governments and Aboriginal and Torres Strait Islander communities and organisations in the not-for-profit sector, the wider community and the private sector must be strengthened. This will help those involved to understand the business and economic processes from both Indigenous and non-Indigenous perspectives. If allowed to inform relationships and processes, this will enable more Indigenous Australians to participate in and contribute to the social and economic wealth of this country.⁹

6.13 There was also general agreement that a one-size-fits-all approach is not appropriate as the diversity of Indigenous communities must be acknowledged and factored into any approach. As the South Australian government recognises:

...not all locations have the same capacity to generate employment or business opportunities. Similarly, some locations have greater access to

6 Rio Tinto, *Submission 20*, pp. 8-10.

7 Minerals Council of Australia, *Submission 21*, p. 2.

8 Committee inspection, Fitzroy Crossing, Tuesday 19 and Wednesday 20 August 2008.

9 National Rural Health Alliance, *Submission 8*, p. 9.

these opportunities in surrounding areas. A number of Indigenous communities in South Australia, particularly those in remote areas like the APY Lands have limited employment and business development options...¹⁰

6.14 The committee notes the recent private sector initiative lead by Mr Andrew Forrest, the Chief Executive Officer of Fortescue Metals Group, to initiate the Australian Employment Covenant. This covenant aims to 'rally employers to commit to providing opportunities for 50, 000 Indigenous Australians to step out of welfare and step up to permanent full time paying jobs'.¹¹ The committee will follow the progress and outcomes of this initiative throughout its inquiry.

Literacy and numeracy

6.15 The theme that recurs most frequently within the submissions and from observations on the committee's inspection visit is that poor numeracy and literacy skills, as well as school attainment levels, are a significant barrier to employment. This is especially true for Indigenous people in regional and remote areas which on average have a lower level of educational attainment with just under 40 per cent of Indigenous people aged 19 years and over having completed year 12 whilst in remote and very remote areas the figure is between 22 and 28 per cent. The figures are also similar for the attainment of non-school qualifications.¹²

6.16 This is particularly significant when considering the opportunities available for the Indigenous population to enter mainstream employment, as Greg Marks outlines:

Except for low paid casual work, participation in the market economy places a high premium on literacy and similar skills. Difficulties for Aboriginal people in market participation apply in the Northern Territory to a considerable degree, regardless of whether Aboriginal people live in an outstation environment, a larger community or an urban area. The dearth of meaningful employment is a significant problem, especially for young people, and provides little motivation for success in the European education system.¹³

6.17 The committee also heard that improvements in literacy and numeracy requires long term commitments in order to effectively equip people with the necessary skills to both obtain and remain in employment. For example, during the committee's visit to Balgo, it heard that BoysTown—an organisation working with disadvantaged children and young people—had planned for two and a half years to

10 The Hon Jay Weatherill MP, South Australian Minister for Aboriginal Affairs and Reconciliation, *Submission 27*, p. 14.

11 The Hon. Kevin Rudd, MP, Prime Minister, 'The Australian Employment Covenant', Press Release 0394, 3 August 2008.

12 Australian Bureau of Statistics, *Australian Social Trends*, 2008 (cat. no. 4102.0), p. 5.

13 Greg Marks, *Submission 30*, p. 8.

implement a skills training program in the community and that it would be another six months of working with young men in the community to get them to the pre-apprenticeship level and ready to undertake a Certificate I course.¹⁴

6.18 This highlights the need for both governments and industry to make long term funding and resourcing commitments as well as focus on building long term relationships within the communities.

Creating local economies and training options

6.19 A further issue raised in remote communities was the common requirement for people to travel and work away from the community for extended periods of time. The committee recognises that without appropriate family support services, Indigenous people in remote areas are understandably unlikely to want to seek or commit to long term employment opportunities outside their communities. Thus the committee notes the program run by Century Zinifex Mine in Queensland which has provided face to face video conferencing facilities to assist workers to address family issues while they are happening.

It enables them to continue to be on site for work while also being able to deal with family problems in an effective way. The alternative is that employees that are away from family feel a pull back to their community and often they leave site and work in difficult circumstances and then find it very difficult to return.¹⁵

6.20 Furthermore many submissions outlined the importance of local initiatives and the creation of employment opportunities close to communities and traditional lands. The Desert Knowledge Cooperative Research Centre commented that:

For the foreseeable future, however, Aboriginal people are not likely to move away from country in search of jobs. This makes it imperative to design economic development strategies for small-scale local and regional economies which may involve: building up the skills base so Aboriginal people take up more jobs in local essential services; more flexible support for local business development; creating partnerships with outside business and industry to market local products; and generating an economic value for local Aboriginal knowledge in, for example bush food, environmental management, cultural tourism and the arts.¹⁶

6.21 In order to build local economies, the Laynhapuy Homelands Association would like to see locally based training funded to provide in-house trainers in key areas such as building, plumbing, electrical, mechanical services, essential services and business administration through the creation of:

14 Committee inspection, Balgo, Thursday 21 August 2008.

15 Rio Tinto, *Submission 20*, p. 32.

16 Desert Knowledge CRC, *Submission 13*, p. 3.

...a small 'trades training centre' linked to the Garrthalala homeland secondary program to provide a direct link between school education and VET programs and to ensure homeland students have some school to work transition opportunities.

Without reliable access to training it will be difficult to make inroads into employment and business development.¹⁷

6.22 The committee notes that a similar proposal has already been successfully implemented by Argyle Diamonds in partnership with the Kimberley TAFE and in the Swan Valley in Western Australia, with an investment of half a million dollars to establish local workshops which will allow teachers and trainers to run courses on a 'Fly-in-fly-out' basis. According to Rio Tinto this has provided local training opportunities and overcome many of the issues and disincentives associated with 'young people travelling away from home to complete their job training, getting lost in the bigger city and feeling overwhelmed'.¹⁸

6.23 Daron Steven Keogh, a business skills trainer in Fitzroy Crossing, also confirms the importance of fostering and developing local vocational education and training opportunities as well as employment. He suggests the funding of real-time online learning and training to assist remote community's access training.

Some of my current students are especially keen to see online distance training commence for their communities because to build their community they need skills, to get the skills they must leave the community, and when they leave the community it loses its vitality.¹⁹

Opportunities in small communities

6.24 A further issue was raised by Greg Marks regarding employment opportunities on outstations and other small Indigenous communities which he believes have greater potential to provide meaningful employment than larger settlements and town camps.

Firstly, there is the possibility to mix the welfare economy with subsistence activities, in particular hunting and gathering food (the so-called 'hybrid' economy). This lifestyle can provide an important source of nutrition, activity and cultural maintenance...

...Secondly, a number of possibilities exist for participation in the market economy, eg small-scale cultural and eco-tourism ventures, growing and collecting traditional foods for restaurants and food manufacturers, the production and sale of paintings and other crafts...running small (often killer) cattle enterprises, local municipal administration, house building and upkeep, road and vehicle maintenance, small-scale metal fabrication, working in health and education, border protection and surveillance of

17 Laynhapuy Homelands Association, *Submission 28*, p. 21.

18 Rio Tinto, *Submission 20*, p. 25.

19 Daron Steven Keogh, *Submission 35*, p. 2.

illegal fishing and other intrusions, and land conservation and management.²⁰

Opportunities in the mining sector

6.25 The committee notes both Rio Tinto's and the MCA's submissions outlining the unique opportunities the mining sector offers for creating Indigenous employment opportunities within regional and remote areas. As the MCA notes:

In many remote and regional areas, mining operations provide the only significant mainstream economic activity in the region. The industry considers that the employment of Indigenous Australians, and particularly local Indigenous people does not only make good business sense, but it is also the right thing to do. In this vein, the industry has worked to increase Indigenous employment, positioning the minerals sector as the largest private sector employer of Indigenous Australians, with approximately 5% of its workforce identifying as Indigenous.²¹

Community Development Employment Projects (CDEP)

6.26 As previously mentioned, a significant proportion of employment opportunities in remote Indigenous communities are created through CDEP. In very remote Australia there are approximately 21 100 CDEP participants.²² FaHCSIA describes CDEP as doing the following:

...supporting activities which develop participants' skills and employability to assist the move into employment outside CDEP. These activities also make a valuable contribution to the community, and can lead to the development of business enterprises.

The overall aim of the CDEP Program is to support Indigenous Australians to achieve economic independence.²³

6.27 Professor Jon Altman—the Director of the Centre for Aboriginal and Economic Policy Research (CAEPR) at the Australian National University—believes that CDEP is the most significant program for regional and remote communities and that all research undertaken by CAEPR 'indicates that CDEP has had a positive impact on Indigenous employment'.²⁴ Stated benefits include:

20 Greg Marks, *Submission 30*, pp. 8-9

21 Minerals Council of Australia, *Submission 21*, p. 2.

22 Professor Jon Altman, *Submission 23*, p. iii.

23 FaHCSIA, Community Development Employment Projects (CDEP), http://www.fahcsia.gov.au/internet/facsinternet.nsf/indigenous/programs-cdep_intro.htm (accessed 13 September 2008)

24 Jon Altman & Will Sanders, 'Re-vitalising the Community Development Employment Program in the Northern Territory', Centre for Aboriginal Economic Policy Research, Topical Issue No. 5/2008, p. 2.

- higher participation in the customary economy (fishing or hunting in a group); community activities; funerals, ceremonies or festivals; and recreational or cultural group activities all of which build social capital;
- the provision and funding of a labour force to maintain many Indigenous sector organisations;
- provision of crucial support to key industries such as Indigenous arts and tourism;
- development of community infrastructure and provision of community services; and
- employment of Indigenous rangers and other personnel to provide a variety of environmental services.²⁵

6.28 The South Australian government also supports CDEP believing that:

For communities that have limited scope for generating employment, the CDEP program is critical. Not only does it provide income support to community members, but also it supports a range of municipal and community development functions ranging from landscaping to child care.²⁶

6.29 Conversely, the submission from the Centre for Independent Studies (CIS) argues against the continuation of CDEP, stating that at the centre of CDEP is 'the notion that Indigenous Australians are not capable of mainstream employment'.²⁷ CIS states that CDEP creates a 'welfare pedestal' discouraging people from obtaining mainstream employment and acts as another form of passive welfare.²⁸ CDEP also does not provide participants with a 'stepping stone' to employment, as the:

Department of Employment and Workplace Relations (DEWR) found that only around 5% of CDEP participants have moved to mainstream jobs. More than 40% of CDEP participants have been on CDEP for five years or more. After being on CDEP for years, most are no more ready for mainstream employment than when they started.²⁹

6.30 Rio Tinto also agree that CDEP does not adequately prepare people for mainstream employment but for the reason that at present CDEP is under resourced

25 Jon Altman & Will Sanders, 'Re-vitalising the Community Development Employment Program in the Northern Territory', Centre for Aboriginal Economic Policy Research, Topical Issue No. 5/2008, pp. 2-3.

26 The Hon Jay Weatherill MP, South Australian Minister for Aboriginal Affairs and Reconciliation, *Submission 27*, p. 13.

27 Centre for Independent Studies, *Submission 7*, p. 5.

28 Centre for Independent Studies, *Submission 7*, p. 4.

29 Centre for Independent Studies, *Submission 7*, p. 3.

and thus CDEP participants will continue to lack the skills necessary for employment.³⁰

6.31 However, the Laynhapuy Homelands Association submit that 'CDEP has functioned effectively to keep homeland residents actively engaged in work activities that benefit the welfare of their communities'.³¹ In addition they assert that:

On the Laynhapuy homelands CDEP has never been 'sit down money'. CDEP providers across the top end acknowledged the need for CDEP to be reformed and have proposed a 14 Point Plan in late 2007 for how to make CDEP more effective. The Australian Government would do well to listen to the advice of community members and workers with actual experience of working in these contexts...The continuing promotion by government of mainstream employment service options in remote areas (eg. Job Network Members) where CDEPs are operating is inefficient, ineffective, a duplication of services and a waste of public funds...These services, which are not locally based, cannot provide the same levels of support, meaningful work activities, or work supervision and training that an effectively managed local CDEP can provide. These mainstream resources would be better invested in reforming and further developing CDEP.³²

6.32 Tangentyere Council advised that the scrapping of the CDEP program negatively effected the community as 'all but 35 of 280 CDEP participants were made welfare dependent rather than being able to make a contribution to their communities'.³³ The Council notes that CDEP has now been reinstated however the number of placements has been reduced from 280 to 125.³⁴

6.33 The CIS argue that there are viable employment opportunities located within commuting distance, even in remote areas, within the retail, tourist, horticultural, mining and government administrative fields, but currently Indigenous people in 'remote areas cannot access these jobs because they are not literate or numerate and lack subsequent vocational training'.³⁵ However Professor Altman suggests that firm evidence needs to be provided, especially by governments, of exactly what alternatives are available to CDEP participants, particularly on the remotest outstations.³⁶

6.34 Some submissions also raised concerns that CDEP has:

...enabled territory and state governments to shift responsibility for providing local government, health, education, and policing services to the

30 Rio Tinto, *Submission 20*, p. 35.

31 Laynhapuy Homelands Association, *Submission 28*, p. 9.

32 Laynhapuy Homelands Association, *Submission 28*, p. 21.

33 Tangentyere Council, *Submission 31*, p. 2.

34 Tangentyere Council, *Submission 31*, p. 2.

35 Centre for Independent Studies, *Submission 7*, p. 5.

36 Professor Jon Altman, *Submission 23*, p. iv.

commonwealth. In most remote areas, and especially in homeland communities, CDEP has become the main provider of services.³⁷

6.35 This was confirmed by Professor Jon Altman:

...if CDEP participants are required to work on community projects this in turn may again result in cost shifting by governments of legitimate expenditures in health, housing, education and employment onto CDEP. A transparent and enforceable mechanism needs to be found to lock in public sector expenditures on an equitable needs basis, although CDEP labour should be available to assist in meeting deeply entrenched backlogs that will not be adequately addressed, even with equitable recurrent investments, for decades.³⁸

6.36 The committee recognises that concerns and issues raised about CDEP are derived from the differing interpretations of the purpose of CDEP. The committee appreciates that many people consider that Commonwealth funding of CDEP fulfils an important role in supporting Indigenous communities in a variety of ways.

6.37 The committee notes the Commonwealth government is in the process of developing reforms to CDEP with further public consultations to be undertaken later in 2008. The implementation of the reforms to CDEP are scheduled for July 2009.³⁹ The committee will monitor the effects of these reforms on CDEP and employment in regional and remote Indigenous communities.

37 Centre for Independent Studies, *Submission 7*, p. 4.

38 Professor Jon Altman, *Submission 23*, p. 5.

39 More information is available from the FaHCSIA website at:
http://www.fahcsia.gov.au/internet/facsinternet.nsf/indigenous/programs-cdep_intro.htm
(accessed 20 September 2008).