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***SUBMISSION TO THE SENATE SELECT COMMITTEE ON THE EFFECTIVENESS OF THE
NORTHERN AUSTRALIA AGENDA***

Submitted by Generation One: Minderoo Foundation

INTRODUCTION

Generation One is an initiative of Andrew and Nicola Forrest's Minderoo Foundation, committed to creating parity for Indigenous Australians. Although creating parity is an audacious, challenging, and at times overwhelming goal, we strive for it because allowing disparity to continue is not an option.

Generation One works in partnership with Indigenous Australians to co-design practical, scalable solutions. For the last ten years, Generation One has championed evidence-based practices and initiatives in education, employment and other priority areas including research, policy and evaluation.

As a proportion of population, Northern Australia has the highest concentration of Indigenous people in Australia, most of whom reside in the most disadvantaged regions and communities in Australia. Given this, Generation One, has a considerable interest in ensuring policies which affect Northern Australia are fit-for-purpose to deliver parity and opportunity for indigenous people over the long term.



TERMS OF REFERENCE

As part of its submission, Generation One has prepared a series of responses to Issues which it identifies as impacting on Northern Australia's Indigenous communities. These have been cross referenced to the Terms of Reference of the Select Committee on the Effectiveness of the Northern Australia Agenda as per the table below.

Terms of Reference of Select Committee	Generation One Issue
a) Facilitation of public and private investment in infrastructure and economic development.	3, 4
b) Economic and social benefit arising from that investment for Northern Australians, in particular, First Nations people.	All issues.
c) Funding models and policy measures that capture the full value of existing and emerging industries.	All issues
d) Measures taken to develop an appropriately skilled workforce	2,4,5,7,9,10
e) Emerging national and international trends and their impact on the Northern Australia agenda	7
f) Any related matters.	1.

Generation One has also presented background material as context to the issues raised in its submission, acknowledging the Select Committee will undertake its own research and have access to considerable data.

Generation One would encourage the Select Committee to consider issues closely and, due to the importance of this inquiry, would be available to discuss and clarify any matters in further detail if the Committee so wished.

Yours faithfully

For Generation One



BACKGROUND

The Northern Australia Agenda was launched in 2015. Over the intervening period, parts of the Northern Australian economy have undergone a significant downturn, for example construction activity in the Northern Territory (NT) has halved since its peak in 2014. Similarly, the Gross Regional Product of the Kimberley region halved from \$4.6 billion in 2014 to \$2.6 billion over the same period. These economic trends have been impacted by broader economic conditions, but some aspects of Government policies may have also played into the variability. It is therefore important to review the policy settings for Northern Australia in order to find solutions to the current economic malaise and to ensure a more sustainable future, especially for Indigenous people who live in remote areas of the North.

Employment is a major concern to Generation One as this is seen as a key to relieving the long-term welfare dependency caused by intergeneration disadvantage of Indigenous people.

Most concerning, the economic gap between the Indigenous community and the general community has increased. This is highlighted by outcomes for Indigenous people in the Kimberley where

- Youth work force participation rates fell from 42percent to 39percent, with those in full time employment falling from 12percent to 9percent.
- Youth participating in education (full or part-time) fell by 40percent.
- The gap between Aboriginal and non-Aboriginal household income increased with Aboriginal household income just 45.7percent of non-Aboriginal households in 2016, down from 51.2percent in 2011.
- SRA2 ABS¹ employment data for the quarter ending 30/03/2019 identifies high pockets of unemployment in Northern Australia concurrent with high levels of Indigenous populations. Halls Creek and Derby in the Kimberley with high proportion of Indigenous people (80percent and 60percent respectively) top the State of WA 's unemployment rate with 34% and 30% respectively. In the NT, the suburbs of Moulden, Gray and Berrimah all have unemployment rates of over 15% followed by Tanami, West Arnhem, Tiwi Islands, Gulf, East Arnhem, Yuendumu and Thamarrur with unemployment rates of over 10%. Of the 13 SRA's in Queensland with an unemployment rate of over 20% , ten of these are in Northern Queensland (Kowanyama, (59%), Yarrabah (56%), Palm Island (46%), Carpentaria (35%) , Torres Strait (46%),Cape York (27%), Northern Peninsula (24%), Redland Islands (23%)) and three are located in Brisbane (Woodridge, Logan and Riverview).

It is noted that these rates are probably not fully reflective of disadvantage because workforce participation rate can also be much lower than in other parts of Australia.

The 2019 Closing the Gap Report indicates that the target to halve the employment gap will

¹ <https://www.abs.gov.au/ausstats/abs@nsf>



not be achieved on current trends. In 2016, 54% of working aged Indigenous Australians were employed in major cities compared to 31% of those in very remote areas.² With the median age in Northern Australia between 35-39 the challenge remains not only to lift Indigenous employment but to create long lasting career pathways for Indigenous people to maximise their participation in developing northern Australia. Given Indigenous Australians comprise 15% of the Northern Australian population with a higher proportion of 25% and 40% in the Northern Territory and the Kimberley Region respectively, it should be a priority to create employment parity in the North.

While there has been significant investment into training, a supply driven approach to training and work readiness has fallen short resulted in many Indigenous people being trained with an ever-increasing list of certificates to add to their CVs but no regular employment history.

Generation One understands that job readiness is more than having a certificate of competency, but requires both accessibility to work along with work ready attitudes including the appropriate disciplines of workplace safety and drug and alcohol management, attributes which can only be achieved if employees have experienced stable employment over a period of time.

Demand for employment in Northern Australia can be low or at the very best variable, with a heavy reliance on social services (through the Government and non-government sector) and short-term infrastructure projects, such as roads, engineering and seasonal agriculture. Mining also plays an important part in some parts of Northern Australia, but the distribution of projects is inconsistent across the North (e.g. the Pilbara and the Kimberley Regions which have Gross Values of Production of over \$100 billion/annum and under \$0.4 billion/annum respectively).

Generation One strongly advocates any measures which increase the long-term demand for accessible employment of Indigenous Australians either through the private or public sectors and ensure that demand is filled by Indigenous Australians in a sustainable and long-term way.

The following Issues and Recommendations are focused on employment generating opportunities in Northern Australia.

Issue 1: Better Data. Data on Northern Australia's Indigenous population's levels of disadvantage is not readily identifiable as it is derived from three jurisdictions and there are various levels of data which are not readily reconciled. It is noted that the regular updates for the Closing the Gap reports are based on jurisdictional boundaries which incorporate vastly different social and economic environments and dilute the values which would be derived for Northern Australia.

² <https://ctgreport.pmc.gov.au/sites/default/files/ctg-report-2019.pdf?a=1>



Recommendation 1: That critical Closing the Gap data be assessed within the context of Northern Australia and to provide greater transparency to the effectiveness of policies related to the Northern Australia Agenda on Indigenous Disadvantage.

Issue 2: Government Employment. Government services are a major employer in the North, however, rates of Indigenous employment in Government do not reflect the composition of the population. Of the three jurisdictions, Northern Territory, Western Australia, Queensland, Queensland appears to have the highest rate of Indigenous employment. Consideration should also be given to local government employment rates with the view to identifying which governments are achieved the highest rates of Indigenous employment and what factors contribute to a best practice model. The factors driving the relative success of some governments over others should be examined with the view to establishing consistent principles across Northern Australia through the Council of Australian Governments or other agreement.

Recommendation 2: Review best practice models and create consistent principles across Northern Australia for higher rates of Indigenous employment by Government and local Government on Indigenous employment.

Issue 3: Access to Employment. Indigenous people are often precluded from the employment market simply because they do not have access to it. Remote communities can be isolated for days, if not weeks a year, through high rainfall events and cyclones. The development of all-weather roads and air-services to remote communities is critical to ensure community members can participate in employment through drive-in-drive out arrangements. For example, in the Shire of Halls Creek's consultation on the sealing of the Tanami Road, it was suggested mining companies would consider employing Indigenous people from nearby remote communities if they could guarantee employees were able to access the mine sites throughout the year. Presently, the more reliable approach is to bring staff on direct flights from Australian capital cities onto a hardstand airstrip at the mine site.

Recommendation 3: Develop a plan to deliver all weather access roads as a universal service standard to remote communities.

Issue 4: Staging of Infrastructure Spending. Infrastructure projects can provide a major opportunity for Indigenous employment. In the Northern Territory, funding derived from the National Partnership Agreement for Remote Indigenous Housing (NPARIH) and other public housing stimulus resulted in a massive increase in housing construction peaking in 2011 at \$400 million per annum. However, this quickly dropped to less than \$100 million per annum. Currently, all residential housing construction (including private sector construction) in the Northern Territory has halved from its peaks from 2010-2017. While funding of the NPARIH was welcomed and provided some short-term support for Indigenous contractors, its effectiveness in trades and skills development would have been limited by its short-term approach.



It is noted that the Cape Leveque Road, just north of Broome WA, currently has 64% indigenous employment rates which is exceptionally high by industry standards. However, this road will be completed in three years and staff currently employed are not guaranteed a long-term future. The Shire of Halls Creek which has recently been allocated funding by both the State and Federal governments for two major road upgrades (the Duncan Road \$51million, and the Tanami Road \$118 million). This funding is to be spread over ten years providing the Shire with a unique opportunity to develop its in-house road construction capacity tied in with a proposed traineeship program with the Halls Creek Senior High School. The proposal is that every child who completes Year 12 could be guaranteed a job in the region through a traineeship program.

Recommendation 4: Infrastructure spending in the North should be staged to ensure longer term employment opportunities can be developed for Indigenous people.

Issue 5: Indigenous Procurement. The effectiveness of policies which favour indigenous companies (which are usually defined as being more than 50% Indigenous owned) should be examined. Indigenous companies tend to employ more Indigenous personnel so this should be encouraged. However, there are many challenges facing remote based Indigenous companies in meeting the basic requirements to tender for work in the Government sector. A challenge in the North, facing all businesses, is that many businesses are small (4 or fewer employees) and are in industries (such as construction) which are more vulnerable to the vagaries of market conditions. Procurement policies (including local content policies) of various jurisdictions should be examined as to their effectiveness in delivering Indigenous employment with the aim to identifying best practice principles.

Recommendation 5: The success of Indigenous procurement policies such as Supply Nation should also be examined with the aim to identifying best practice principles.

Issue 6: Taxation. Taxation regimes (including payroll tax, income tax, fringe benefits tax and stamp duties) affects how businesses and employees respond to their housing and location in remote areas. A recent Productivity Commission Report recommended the removal of taxation incentives for workers residing in the North of Australia. This recommendation is likely to exacerbate challenges related to regional employment including encouraging more local employment instead fly-in-fly-out employment. Consideration should be given to how the taxation system impacts on employment in remote communities and where there are high rates of Indigenous disadvantage.

Recommendation 6: Taxation policies should be directed at encouraging local employment in areas of high Indigenous disadvantage.

Issue 7: Emerging Employment Based Industries. Emerging trends in the environment, technology and demographics is providing new employment opportunities for Indigenous people in Northern Australia. Some success has already been achieved through Commonwealth, State and non-for-profit sector funded environmental programs and carbon farming initiatives. For example, ranger programs under the Indigenous Protection Area



funding arrangements have provided a steady and popular choice of employment for many Indigenous people and this is augmented by not-for-profits efforts in caring for country and culture, such as programs that care for rock art. The success of these programs could be expanded with a broader consideration to economic opportunities to develop greater economic resilience in remote northern Australia. Key areas of employment demand growth in the North should be considered including:

- NDIS care, noting the roll out of the NDIS program into remote areas will be a critical component in delivering service parity for Indigenous people;
- Aged care, noting the ageing population of Indigenous people could be more pronounced than that of the general population as the overall health of the community improves, creating opportunities for culturally sensitivity aged care services which enable Indigenous people to age in place; and
- Defence, noting the increasing north facing posture of the Australian Defence Force provides an opportunity for greater Indigenous and local participation.
- Scientific Research and Development including into native plants and the development of Intellectual Property which aligns to the repository of Indigenous knowledge.

Some consideration of Government expenditure, (such as Defence, Aged Care and NDIS) should be considered within a Social Impact Assessment Framework which would not only consider the direct costs of programs in the North but the avoided costs associated with lower reliance on health, justice and welfare spending.

Recommendation 7: A review of new and emerging employment-based growth sectors which can deliver Indigenous employment should be considered as a future policy focus of the Northern Australia agenda with consideration of a Social Impact Assessment Framework.

Issue 8: Agricultural Water Resources. Existing water resources development have reaped limited economic benefit for Indigenous people in Northern Australia. The Northern Australia White Paper identified as a top priority a \$20.4M package for native title holders to engage with potential investors in land and water along with \$10.6M for land tenure pilots. However, little has been achieved since that time. There are currently negotiations between the State of Western Australia, pastoralists and Native title holders over the allocation of water in the Fitzroy Valley catchment. Such negotiations are welcomed, but the progress is slow. The Northern Australia White Paper recommended a market-based approach to new water resource allocations which had little reference to Native title holders. Given the lack of established water markets in the north and the strong interests of Native title holders, it would likely assist the facilitation of new water allocations if there was greater clarity and consistency around the principles which would be applied, providing greater certainty to both Native title holders and growers alike in order to facilitate new investment decisions which could deliver local (and Indigenous) employment.

Recommendation 8: Establish clear and consistent principles which properly recognise the interests of growers and traditional owners concerning the allocation of agricultural water rights in order to reduce red tape and provide clarity to negotiations.



Issue 9: Access to Potable Water. Access to healthy potable water remains a critical issue for people living in remote Indigenous Communities. Poor local infrastructure and issues with local aquifers impact on water quality across remote communities. It is reported that some communities are forced to rely on bottled water for human consumption. This situation appears to largely a result of funding constraints and different approaches to regulation. For example, in Western Australia, remote community water supplies are delivered through a combination of service agreements with local communities and the Remote Area Essential Services Program (RAESP) and not, as in other communities throughout the State, the State's Water Corporation. Regulatory arrangements concerning water service delivery are vague and not subject to the same licensing requirements of other communities. A program of rectification provides an opportunity for further investment into infrastructure which could be structured around greater Indigenous employment.

Recommendation 9: Investigate the quality of potable water supplies in remote communities across the North considering both the cost of delivery and regulatory controls that apply.

Issue 10: The Digital Divide. Indigenous Australians suffer from low levels of access to both mobile phone services and high-quality Internet services. This issue is compounding the future disadvantage of Indigenous people as society becomes more reliant on the digital economy. The current roll out of mobile services is on a case by case basis is ad hoc and sporadic, based on assessment by local Officers and on anecdotal information. Identified black spot funding and roll out is not leading to an inclusive and seamless access to internet and mobile services.

For example, although Telstra services are widespread across towns in Northern Australia but when it comes to remote communities the services may be delivered by a range of other providers and the service quality can be poor. It is reported that Indigenous people can be required to carry two different phones which are switched on and off depending on where they are at the time. Given the high level of transience between communities this both increases cost and reduces the reliability of service to Indigenous people. An example is the remote community of Billiluna, where residents are serviced by Optus, whereas nearby Balgo is serviced by Telstra.

The digital divide restricts access to job opportunities, education and training, government services, and the wider digital economy. A program of rectification provides an opportunity for further investment into infrastructure which could be structured around greater Indigenous employment.

Recommendation 10: Consider a Northern plan for the delivery universal mobile phone coverage and improve access to the digital economy in remote communities



Issue 11: Indigenous Home Ownership. Indigenous Australians suffer from low levels of home ownership in Northern Australia which stymies the development of intergenerational equity and erodes the sense of empowerment among families.

In remote communities, Aboriginal people are almost wholly dependent on government housing or that provided by employers in the not for profit sector. Little has changed despite much public discourse on this issue. The key to increasing home ownership opportunities is the ongoing need for land tenure reform to unlock lands for housing. Private land ownership either through leasehold or freehold underpins Australia's home ownership system. However, the current reserve system in remote Western Australia and limits on private ownership in other parts of Northern Australia removes that option. The Office of Township leasing in the Northern Territory and efforts to reform land tenure in Indigenous communities in Queensland have represented attempts to rectify this situation. However, home ownership continues to elude the vast majority of Indigenous people in remote communities.

An option being explored by the Shire of Halls Creek and discussed with Minderoo, is to transition currently occupied public housing rentals into home ownership within the town site and in partnership with the WA Government. Home ownership programs in Regional Western Australia's KeyStart program have resulted in some successes.

Consideration should be given to making home ownership a priority in regional and remote communities underpinned by a Cost Benefit Analysis which incorporates a Social Impact Assessment.

Recommendation 11: Home ownership programs should be considered for regional and remote Indigenous communities underpinned by a Social Impact Assessment.

Issue 12: Land Tenure Reforms. The Northern Australia White Paper acknowledged the challenges facing investors in the north when seeking to address issue of land tenure and Native title. There remains considerable opportunity for improving the investment attractiveness of the North if greater clarity and certainty could be achieved on land tenure and land application processes. While many large well-resourced investors have the capability to address this complexity, this is not the case for smaller businesses including many Indigenous organisations.

The lack of alignment between State tenure systems and Native title leads to extensive red tape and difficult statutory processes for both Indigenous and non-indigenous interests. There are also poorly developed land application processes which create a barrier to entry into the property market impacting negatively on Indigenous people who seek to gain bankable interests over land, whether this be for agricultural purposes or personal living areas.

Recommendation 12: A priority should be placed on greater alignment between Native Title and State based land tenure arrangements along with clear and consistent application procedures and processes which are accessible to Indigenous and non-indigenous applications alike.