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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

Reference: Indigenous employment

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Monday, 22 May 2006

Members: Mr Wakelin (*Chair*), Dr Lawrence (*Deputy Chair*), Ms Annette Ellis, Mr Garrett, Mr Laming, Mr Slipper, Mr Snowdon, Dr Southcott, Mr Tuckey and Mrs Vale

Members in attendance: Ms Ellis, Mr Laming, Mrs Vale and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

Positive factors and examples amongst Indigenous communities and individuals, which have improved employment outcomes in both the public and private sectors; and

1. recommend to the government ways this can inform future policy development; and
2. assess what significant factors have contributed to those positive outcomes identified, including what contribution practical reconciliation* has made.

*The Committee has defined 'practical reconciliation' in this context to include all government services.

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Committee met at 11.45 am

CALDWELL, Ms Joanne Marie, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations

HARVEY, Mr Bob, Group Manager, Indigenous Employment and Business Group, Department of Employment and Workplace Relations

SAKKARA, Ms Mary-Anne, Assistant Secretary, CDEP Future Directions Branch, Department of Employment and Workplace Relations

STEVENSON, Ms Lynne, Assistant Secretary, Indigenous Employment Branch, Department of Employment and Workplace Relations

CHAIR (Mr Wakelin)—I declare open this public hearing of the House of Representatives Aboriginal and Torres Strait Islander Affairs Committee inquiry into Indigenous employment and welcome you here today. The inquiry is seeking positive outcomes and best practice around Australia to recommend to the government practical steps to improve the outcomes for everyone. I welcome representatives of the Department of Employment and Workplace Relations; I will resist the temptation to say DEWR. As you will appreciate, the committee does not require you to give evidence under oath but I need to advise you that hearings are legal proceedings of the parliament and you need to have regard for the procedure of the House itself. I invite you to make a short opening address to add to a submission you might like to present to us. We will be happy to accept that submission and go from there.

Mr Harvey—Thank you. It is a pleasure to be talking to the committee again. On 1 July 2004 the government introduced important changes around Indigenous affairs. Since that time and since we last reported to you, a number of significant things have happened. The most significant is the performance of the Job Network in placing Indigenous people. In the 12 months to the end of April 2006 approximately 43,900 Indigenous people have been placed in jobs through the Job Network, an 18 per cent increase over last year. We have also had significant numbers going through both the Indigenous employment program and the CDEP program. The CDEP program has placed about 2,900. That is a significant increase on the previous total placements for the year, which were about 1,500. So it is almost double the number of placements.

There has been a whole range of new initiatives and developments by the government. In November, the government launched the Indigenous Economic Development Strategy consisting of a range of strategies and activities around work, asset and wealth management. Examples include the local jobs for local people strategy, which includes significant work analysing job opportunities in Cape York and 55 communities in the Northern Territory; work in Murdi Paaki in New South Wales; employment strategies in Western Australia, particularly in East Kimberley and the Pilbara; and also continuing work in Shepparton, Victoria.

The second part of that strategy is around targeted industry strategies in many industries including pastoral, forestry, child care, hospitality, construction industries and tourism. One example is a very successful memorandum of understanding that has been signed between the Minerals Council of Australia and the Australian government, and that memorandum targets no

fewer than six regions across Australia where employment strategies are being developed. A number of regional partnership agreements are near completion in the Pilbara, in both Port Hedland and Karratha, and up in East Kimberley. Other work has also begun in Western Cape around Weipa and around Boddington in WA. These are significant opportunities for employment.

Reforms to the CDEP have also been announced by the government. On 29 March, Minister Andrews announced changes to CDEP and those reforms build on the *Building on Success* report that was released by the government. In particular, the reforms through the CDEP are about encouraging young people to remain in education. For example, a youth rate was introduced for young people. Another reform was introducing a one-year limit to the time that new entrants in urban and regional locations can stay on CDEP. The funding difference between the youth rate and the adult rate for training is now retained within CDEPs; in remote areas this is about \$3,000 and in non-remote about \$2,000. A further reform was putting in place and funding supervisors, and a range of other developments to ensure that Indigenous people see CDEP as a stepping stone.

Still under the umbrella of the economic development strategy is reforms of the employment services network and further enhancing of the employment services activities. In particular, remote area exemptions have been lifted, and that has already commenced in eight communities with approximately 60 communities to be embraced in a phased approach. It is proving very successful. Removal of remote area exemptions is basically saying that, where Indigenous people live in an area where there are labour market programs or labour activities, they should actively participate in the labour market. Those remote area exemptions are being lifted and being worked through with communities.

The VET linkages are being successfully developed, including, for example, in the work that the government is doing around the petrol-sniffing strategy. Work is being done to increase participation, training and employment. I cite the example of Mutitjulu which is very close to Uluru. Work is included, for example, putting in place a new CDEP. There is a lot of work on enterprise development, business leader initiatives and also business support. Through initiatives announced in the budget, the government also talked about initiatives such as an investment in improvement of outback stores, investment in private sector involvement and home ownership. More work is being done on looking at opportunities to build Indigenous homes on Indigenous land.

Finally, in terms of welfare reform, the government has also committed \$3 million to the development of welfare reform pilots in Cape York, particularly in the communities of Aurukun, Hopevale, Coen and Mossman Gorge to look at opportunities to reform further welfare payments so that we can look at seeing these reform processes leading to Indigenous people getting employment and improving their economic wellbeing.

We have read all the evidence from the many inquiries that you had across Australia, and I think it is a very positive inquiry.

CHAIR—My compliments for your patience!

Mr Harvey—We did read all the submissions and the evidence and it is very comprehensive. We are encouraged that there are very positive responses to what the government is doing in terms of Indigenous servicing of Indigenous people, in particular in regard to employment. There were some statements about whether in fact there is double funding through the Job Network and other service providers in terms of placement of Indigenous people. We would like to put on the record that there is not double funding; there is in fact a range of complementary services operating through the Job Network, the Indigenous Employment Program or programs such as the Aboriginal Employment Strategy. All of these strategies tend to work together to complement each other. Our experience has been that, in working with the most disadvantaged group in Australia, by having complementary strategies we are actually improving outcomes for Indigenous people. For the record, there is not duplication or double funding. Providers are funded in different ways depending on the service that they provide.

CHAIR—We need to wrap it up, Bob.

Mr Harvey—Just a final comment: I think that the focus that the government is placing on Indigenous employment and business development through the initiatives has seen significant improvement. It has seen 43,900 into employment through the Job Network; significant 13-week outcomes, over 12,800; significant placements through our employment programs; and also significant improvement in employment outcomes through CDEP.

The last time that we spoke I talked about Mildura and a case study of Sunraysia Area Consultative Committee and a STEP project. I would like to provide you with copies of a case study on the STEP project in Mildura where, over three years, the Sunraysia Area Consultative Committee was involved in placing over 100 Indigenous people into jobs through a STEP project. This was done largely through the work of the local community, driven in particular by the chair of the area consultative committee, Don Carrazza, and also driven by a local Indigenous person, Billie Carroll, and by Sue Rudd, who was the IEP facilitator. It is a very good example of how, when communities work together and with government and with business in particular, there are significant opportunities to get job outcomes.

CHAIR—Thank you for that. As you would be aware, that is what we are looking for, those wonderfully positive examples. I will go straight into questions if no-one else has anything to add. Regarding the ICCs, Indigenous coordination centres, what is your impression of an understanding out there across the bureaucracy and within the general connecting community? What is your belief in terms of how that is going at the moment?

Mr Harvey—The whole-of-government approach is new to government, not only at the Australian government level but also at the state and local government. This whole-of-government approach is the only way that we are going to make significant change for Indigenous people. The ICCs on the ground for the Australian government are the vehicle through which we work together. We are seeing significant progress being made through the ICC network. We have in DEWR something like 93 people located in 30 ICCs throughout Australia. Our experience has been that, by having government agencies represented in ICCs, we are able to work on the ground. I could cite the example of the Minerals Council of Australia and the memorandum of understanding. In the case of both the Kimberley and in Hedland, there has been a lot of joined up activity to get outcomes for Indigenous people. Through the joint work of

the Australian government, the ICC and also the state government, we have seen significant activity on the ground.

CHAIR—That is the good news. Can I give you some of the bad news? When asked about Indigenous coordination centres, the head of the tourism division of the Department of Industry, Tourism and Resources told the committee on 6 February that he was not familiar with the policy area. Given the potential for employment opportunities in the tourism industry, that would have to be a concern to all of us. It seems to me we are running into this at the moment. I accept it is new and it is a new way of government doing business, and I accept that whole-of-government is an important approach, but to have a head of a major department tell us that he is not aware of the ICCs—I do not suggest that is your direct responsibility—just highlights the other side of it. Many of us believe that is a really important part of employment.

Mr Harvey—Yes. Generally people across the Public Service will be aware of the directions because there are a lot of meetings across government about the directions that are occurring. Individually the head of the tourism division may not, but we have engaged with that group, for example, around the tourism strategies in Indigenous employment. We have particular strategies around Indigenous employment with the major—

CHAIR—Sure. You can imagine we were a little bit confounded.

Mr Harvey—Yes. I probably do not know all the committees and structures that operate through the tourism department. I have a good idea, but if you asked me I probably would know about tourism because we have paid particular attention to it, but I would not know of all the structures that each individual agency operates. People can be excused if they do not always know, but I know that we work with that agency.

CHAIR—It would seem from a Department of Employment and Workplace Relations perspective, that if tourism is important—as we all agree it is—for employment opportunities particularly for Indigenous people, that there is room for discussion with the Department of Industry, Tourism and Resources to see what strategy is there. I will let it rest there. Moving to shared responsibility agreements, the general evidence that I am getting is that there are some good examples, but they are quite time consuming and very difficult to negotiate in terms of getting everyone on board. Can you offer any comment there? We might be learning how to streamline what is clearly a challenging process, but at the same time we might be able to offer some good news in terms of how bureaucracy operates between shared responsibility agreements.

Mr Harvey—I think you start with the COAG pilots. The COAG pilots were very important to government at all levels to learn about how we interact. We have gone on from that. Initially we were working a lot more closely with a set of one-off type topics through shared responsibility but now we are working with comprehensive and regional partnership agreements. We have learnt that we can operate a lot more quickly. I have been involved in all of the regional partnership agreements in Weipa, the Kimberley, Kununurra and Port Hedland. We now move very quickly, and within a couple of months we can put into place the framework of a regional partnership agreement which is a lot more comprehensive than that with which we initially start. I think as a bureaucracy, both Commonwealth and state, we are moving a lot faster. We know

each other, we can move on the ground, and we are engaging with business and industry a lot quicker.

CHAIR—Thank you. Do you have anything on driving licences in terms of the issue for employment?

Mr Harvey—Yes. Particularly in the mining industry and in the cattle industry, for example, driving licences are a significant issue. Through CDEP and through Job Network, we are making sure that Indigenous people actually get experience and get driving licences. We have various strategies and various examples where we have ensured that Indigenous people have got driving licences—even down to the extent of running programs where, even though a person might not be registered, may have a number of issues and may not be permitted to drive in the outside environment, we have got them to a point where they can get a basic licence to work in a mine. It is a significant hurdle to people getting jobs in a number of industries.

CHAIR—Can we be confident that we are getting better at engaging these people to a point where the impediment to employment is not as great? It is just so basic.

Mr Harvey—It is so basic—

CHAIR—The courts are generally involved in a lot of this stuff too.

Mr Harvey—Yes. We are getting better, because it is not only driving licences but it is also numeracy and literacy to get their points. You have to be able to pass a test, which means designing the test so that the individual can pass it for employment purposes and also to improve literacy and numeracy. Some of the things we are doing include designing employment courses around numeracy and literacy for employment so that they get the skills to do the job, whether it is a driving licence or being able to read the signs that are displayed within manufacturing—

CHAIR—That is fine. As to a comparison between the CDEP and Work for the Dole programs, there is a suggestion that the wages of a supervisor would be different under a Work for the Dole program as opposed to the CDEP. Do we have a response to that?

Mr Harvey—Again, with regard to CDEP wages, we go through a process of negotiation of activity fees under which supervisors are paid; in the case of Work for the Dole, the funding tends to be set. Over the last two months we have been negotiating activity fees with CDEPs to cover supervisor responsibilities. In some cases those supervisors could be paid more in CDEP than in Work for the Dole, and in other places, less—it depends on the type of work that is being undertaken by the supervisors. Work for the Dole basically gets a set fee; with CDEP, you negotiate an activity fee out of which you pay a supervisor fee.

Ms Caldwell—To elaborate on what Bob was saying regarding the Work for the Dole program, certainly the costs of supervision are part of the activity project funding and not the participant's earnings. In that respect CDEP is very similar these days to Work for the Dole—that is, it has moved from participants supervising to saying, 'You're running a project that includes proper supervision.' Work for the Dole and CDEP both have those supervisory costs built into the cost of the project itself.

CHAIR—I would be troubled if Work for the Dole was funded in a clearly different way which put CDEP at a disadvantage. We are not suggesting that in any way, are we? In other words, I have seen an Indigenous community where they engage in both. I just want some reassurance that the CDEP and the Work for the Dole programs would be in some kind of balance.

Mr Harvey—In terms of being in some kind of balance, we fund CDEP for a range of activities, for supervisors and a range of other things, which is a different configuration and a different set of responsibilities to Work for the Dole. Our objective is to ensure that we do not disadvantage communities and, in particular, in regard to CDEP, we are providing the funding, but you will find that they are different because of different servicing.

CHAIR—Okay, I will leave it at that.

Mr LAMING—You were saying ‘supervising’ with CDEP. Are you referring in a remote community to the amount you pay a person who assumes supervisory duties within a team in a community, or are you talking about the supervisory costs that are assumed by, say, the council that manages it?

Mr Harvey—The person that manages the team.

Mr LAMING—Do your findings show the average difference that a supervisor is paid over and above a CDEP participant?

Mr Harvey—Are we seeing a difference?

Mr LAMING—Did you quantify the difference? Is it about a 20 per cent premium?

Mr Harvey—It is basically up to the CDEP to determine what they will pay the supervisor. We have provided a certain amount of funding, but we are basically negotiating in each community or with each CDEP the level of supervision. There would be a difference, because it is actually a wage, and the supervisor jobs that have been created are real jobs. This is for next year, for 2006-07.

Mr LAMING—In answer to my question, were you aware of the approximate premium paid to supervisors on CDEP programs?

Mr Harvey—Yes.

Mr LAMING—Was it approximately 15 per cent?

Mr Harvey—No.

Mr LAMING—What was the figure?

Mr Harvey—Well, the difference is basically that one is paid an allowance. I know basically that someone would be paid roughly between \$20,000 and \$25,000, but it depends—it could be anywhere around that figure. It is roughly around the basic minimum wage.

CHAIR—Okay. I need to cut it there and go to Annette Ellis.

Ms ANNETTE ELLIS—Thank you for the chance to chat with you again. Mr Harvey, I want to take you to your opening comments where you talked about 43,000 jobs. Forgive me while I refer to this, but back in August of last year, you took on notice some questions from me in relation to mapping required for where employment places were and what they were, and I will refresh you. You said at the time, ‘To 30 June 2004 there were 22,000 job seekers placed in jobs through Job Network. Last financial year that jumped to over 39,000.’ I clarified, ‘Were they Indigenous people?’ and you said, ‘Yes, that is right, 39,000.’

I asked if there was a breakdown of the type of work—full-time, part-time or casual, and you said that you could provide that. Then, further in the same hearing, I got into the technical questions: ‘If we have already got this, fine, but I do not think we have; could you provide us with a map which shows the levels of unemployment in Indigenous communities across the country? It could be figures or a geographic map; I do not care how it comes’ et cetera. You said to us at the time: ‘The challenge will be that that data is not readily available, but whatever we can get we will give you.’ I understood that, and we went on with that. Now, I do not think we have received anything as yet that relates to that interchange. Is the 43,000 jobs an accumulative figure? For example, in 2004, there were 22,000; in 2005, there were 39,000, or are they stand-alone figures?

Mr Harvey—They are stand-alone years.

Ms ANNETTE ELLIS—Then the questions that I had then, which I still have now, are: if it is 43,000 in the current year of—when?

Mr Harvey—To March.

Ms ANNETTE ELLIS—To March, from June-July of last year to March of this year—

Ms Caldwell—That is the 12 months ending, so from March of last year.

Ms ANNETTE ELLIS—Okay, so March to March. What I really want to know is: how many of them are full-time and how many of them are part-time; where are they; what job types are they; how long are they held for; and, if you quote the 13-week level, what I am really interested in is what happens after the 13 weeks. In other words, how much are we seeing entrenched employment begin—as could be the case for anybody, and that is in and out of employment? And I come back to the geographic question again.

Mr Harvey—Thank you for your question. Before you now is the breakdown for the fiscal year 2004-05 of casual positions, full-time positions, part-time positions—a figure of 39,000. We also give you the breakdown into metropolitan, regional and remote, and we do that year to date as well. There is a map of where CDEPs are located in Australia and a map of the labour market regions in Australia. Also included is the breakdown in terms of the number of CDEPs, the CDEP participants, and the number of Indigenous off-CDEP employment outcomes. The Job Network by labour market region, and the 36,000 break-up are included, as are the total number of job vacancies. Finally, unemployment rates for Indigenous and non-Indigenous are given, as

are a further break-up of CDEPs. I am sorry that we only recently gave all of this information to you.

Ms ANNETTE ELLIS—I have not seen this. Perhaps we got it very recently. I do not have that map of Australia. Well, I will take that question notice back, because I will want to examine it very carefully. It is far too complicated information for me to take and read now, and I might need to get some further advice from you at some point. It just took a little while for that information to come to us. I find it very, very important. Forgive me, because I know you have just gone through it all: does it show us for how long people actually hold their employment?

Mr Harvey—It does not show how long.

Ms ANNETTE ELLIS—What sort of follow-up is there to employment gaining?

Mr Harvey—Okay. We know that, of the 43,900 that get into jobs, something like 9,400 of those are 13-week outcomes, and about 7,000 of those are 26-week outcomes. The challenge is that it is not easy to translate from the 43,000 now in jobs how many will be in jobs in 13 and 26 weeks, but we do track them, and we know that 9,400 will be in jobs in 13 weeks and roughly 7,000 in 26. This is a very good outcome—

Ms ANNETTE ELLIS—I am not going to say it is a bad one: I just want all the details of the outcome.

Mr Harvey—In the submission, we gave that. We may not have given the 26-week outcome—

Ms ANNETTE ELLIS—And also the type of job outcome.

Mr Harvey—The challenge with that is we do not know.

Ms ANNETTE ELLIS—Why don't you?

Mr Harvey—Because we do not track all of the job outcomes.

Ms ANNETTE ELLIS—An obvious question, I guess, is: why not?

Mr Harvey—We track it in another set of surveys. We know, for example, the types of placements that the Job Network is making, but we do not always correlate it back to the individual. The reason is that a whole lot of information is being tracked. We also drag some of it from the ABS statistics, from which we know that Indigenous people been moving into a broader cross-section of jobs over the last couple of years. However, we do not drill down into the types of jobs for the numbers we place. If we were going to present some data on that, we would have to verify it. It would get too complicated for us as we would have to verify hundreds of thousands of job outcomes and test whether the job they were going into was actually the job and the industry that they were saying they were going into.

Ms ANNETTE ELLIS—It is not hundreds of thousands; it is 43,000.

Mr Harvey—I know, but, if we do it, we do it for all of our job seekers that we place.

Ms Caldwell—To add to what Mr Harvey was saying, as well as that, we routinely run post program monitoring, so we know with surety the initial placement of individual job seekers and the number that we recorded outcomes for at the 13-week and the 26-week mark. We also routinely follow that up after three months, six months and 12 months of employment. Looking at post program monitoring means we can look at those long-run results—that is, what was happening with job seekers 12 months ago or 18 months ago. We also have a little bit of a lag effect, obviously, in which we are looking at a cohort that may have gone through our services back in 2003 or 2004. Over time, the numbers are growing and the amount of data available to us is growing, so we can get more reliable analysis.

We also need to account for the fact that for Indigenous Australians, as for all Australians in the labour market, there will be instances where a person starts successfully in a job that is short-term and a stepping stone to moving to another position. So, our analysis—

Ms ANNETTE ELLIS—I do not deny any of that. Please do not think that I am getting overly aggravated by this; I am not. If there is so much emphasis put on the need to improve the lot of Indigenous people in employment, and our whole inquiry is about where it is working and why, then it would be really useful to know where it is working and why, in every sense of the word.

I know if you talk about employment and Job Network generally, then of course you are talking about hundreds of thousands of people. But we are not; our inquiry is only about Indigenous people. I am not a statistician so I do not know how hard it would be, but I do not know how you can build on whole-of-government outcomes, emphasise where success is and work harder on where it is not if you do not have a better understanding of the detail. I am probably being statistically naive when I say that, but I just do not understand how you can formulate government programs or policy for government if we do not have an absolute, or an as close to absolute as possible, understanding of where it is succeeding and why.

We have spoken to the Minerals Council and we know about the MOU, and what they are doing is fantastic. In the region of Weipa, the employment strategy for Indigenous people is really good because the ground is fertile, the need is there and the people are there. If you look at just that figure that could very well distort the rest of the Cape, as far as I am concerned. That is why I am getting a bit anxious to try to get detail of what sorts of jobs they are picking up. I absolutely understand the comment you are making about movement and all that sort of thing, but the more we know, the better, frankly.

Ms Caldwell—Because of the importance of the issue that you raise, I could perhaps add that our department also periodically does evaluation and research which gives us that in-depth analysis from a more statistical, evaluation context of like to like. On a day-to-day basis—which is: how can we start continuously improving our programs?—we have essentially a range of contract management and performance management data. So, while you ask the question of analysis by industry over time, we have a number of industry and employer based sectoral analyses. We work with employers; we obviously talk to local communities as well. Every organisation that is funded through the department, without exception, is also subject, under its

contract, to certain performance requirements—whether they are fixed targets or whether they are just to continuously improve and go for higher star ratings.

In the department we do a formal six-monthly review of Job Network, and a similar process for CDEP, for each of the 1,100 Job Network sites across Australia. This is in addition to the day-to-day dialogue that we have with them. In this review we look at their performance, not only in terms of their job seekers over all but very in terms of particular groups of job seekers, Indigenous Australians being most important—

Ms ANNETTE ELLIS—Yes, I understand all of that, and I thank you for that detail. I do not need to necessarily reiterate but I think—and this is me just making a comment about community in this country generally—that it is all very easy for people, and I am not inferring you or us, to stand up and criticise Indigenous folk for not getting work. I think it is totally essential that we get as much detailed information as possible as to what sorts of jobs they are going into and why it is working, and what sorts of jobs they go into where it does not work. I am repeating myself, but I just wanted to make that point.

Mr Harvey—Can I give you an assurance that we are and, in the case of the Northern Territory where we have done these job audits, we can look at all of the jobs that are in the 17 communities that we are looking at and we can look at the jobs held by Indigenous and non-Indigenous. We can immediately start the process of working with all sectors of government and the private sector about jobs. We do the same in each location in the Cape. The challenge is that, for each of our locations, we would have detailed information, quite thick information, about the types of jobs and the types of sectors. Here we have tried to present some aggregate information to show you that, in each of the locations, there are better job outcomes achieved.

Ms ANNETTE ELLIS—Okay. I will leave it at that.

Mrs VALE—Thank you everyone for coming. After the last time you were here, there were some questions that we sent to you on 24 January regarding Indigenous employment. I do not know if you have sent that to us at all—have you? One of the questions concerned practical reconciliation, and I wanted to know exactly: what are the major indicators that will enable us to monitor the progress of practical reconciliation, especially when it applies to employment and economic independence for Indigenous Australians? Did you get those questions?

Mr Harvey—I do not believe that we got those questions.

Mrs VALE—This was the first one: could you provide the committee with an update of the most recent figures on Indigenous employment? You have taken care of that with Annette. Regarding practical reconciliation, what are the major indicators that will enable us to monitor the progress of the impact of practical reconciliation on employment and economic independence for Indigenous Australians? Does that question ring a bell?

Mr Harvey—The main thing we would measure it by first up is through Indigenous people getting off unemployment benefits or off CDEP into the jobs. We are measuring that through the employment indicators. The other process by which you measure the interaction and the reconciliation is by putting in place strategies that are the same as are available to other Australians. So, making sure that Indigenous people have access to a whole range of

employment services, whether they be through the Job Network, Indigenous employment programs, the personal support program or other programs.

We have just completed an exercise where we have looked at bundling together servicing in remote areas, looking at one or two providers providing a number of services. That is part of the other process by which we measure the fact that we are reconciling and managing the difference. The other thing is the opportunity to develop businesses. Finally, through our portfolio of responsibility is the opportunity for Indigenous people to have access to owning their own homes. The government, through the budget, has put more funds into Indigenous ownership of homes on Indigenous land but also just general ownership of homes.

The final thing that the government has put money into in terms of basic servicing is building up the capacity of local stores to provide quality, cheaper, healthier food to Indigenous people. There are a plank of things that are in place to achieve that reconciliation—jobs, economic development and economic independence. We measure economic independence by people being out of CDEP or off unemployment benefits and are in a job. We are seeing a significant reduction over the last couple of years in the levels of unemployment, in very crude terms dropping from roughly around 20 per cent to around 15 or 16 per cent. This has been reported through a number of surveys. Some of this is experimental data, but at least we are seeing that drop in unemployment. I think that is part of the reconciliation process as well—that you are actually providing people with the same sorts of opportunities.

Mrs VALE—So practical reconciliation is seen to be working?

Mr Harvey—Yes, and working at a pace which I think is commensurate with the investments we are making and also with the work that is being done not only across business and industry but also at all levels of government.

Mrs VALE—Great. I will just continue these questions so we can have them on the record: could you provide the committee with an update on the development of the Indigenous economic independence strategy?

Mr Harvey—Yes, and part of the submission that I have given to you goes through each of the strategies under the Indigenous Economic Development Strategy. Actually, I have documents to present to you. The first is the government's Indigenous Economic Development Strategy—Achieving Indigenous Economic Independence. The other is *Building the future through enterprise: stories of successful Indigenous enterprises and entrepreneurs*, which has been compiled and then used in seminars run in eight locations across Australia with 700 people participating. It profiles Indigenous businesses. We also did a further follow up on that and had a number of emerging business case studies. That is part of the Indigenous Economic Development Strategy. Part of it also was communicating about all of the changes, so we have developed a whole suite of products that talk about Indigenous employment opportunities, opening up business, and it is all around the government's theme of jobs, career, future. This is getting wide publicity and promotion, so I will leave that for the committee as well.

Mrs VALE—Great. Thank you very much.

CHAIR—Your officers in Adelaide were dutifully listening to our discussion—a really interesting discussion I thought—on ILCs. You would know the tenor of the discussion.

Mr Harvey—Yes.

CHAIR—I think the government has probably responded to a degree, or there has been some discussion around the issue from time to time. The issue of the people with significant capacity going partway on the journey, then not concluding and not going to where much of Australia would like those individuals to go—that is, with the intrusion of CDEP or whatever—is a real issue for us in terms of the welfare policies. Can you respond to the comments that were made to us that day in terms of the intrusion into long-term outcomes for people who will manage the pastoral properties of the future, and get the right incentive and the right signals? Can we talk about that?

Mr Harvey—Yes. Not that we have not done work with the ILC after that, but we met with the ILC after they made statements before the committee. It was a joint meeting between the ILC, Indigenous Business Australia and the department. That was at a very senior level in the ILC; the chair of the ILC, together with the secretary of our department, together with the head of IBA. We talked about the opportunity to run and develop pilots. We have already started to move, for example, around Broome with the ILC. The initiatives we are looking at are running about six pilots through the ILC to look at how we can work together with our income support arrangements, with the CDEP reforms and with the strategies that they have in place around the pastoral industry and tourism, to develop initiatives that ensure that there are sustainable employment outcomes. We believe that there are, and they believe that there are, and we are putting in place strategies to do that. I am very encouraged by the opportunities that exist and the fact that you have Indigenous leaders through the ILC saying that they want to really work out how to achieve sustainable outcomes and are prepared to jointly invest. I believe we will achieve outcomes over the longer term.

CHAIR—Coupled with Farmbiz et cetera?

Mr Harvey—Yes.

CHAIR—To Annette Ellis's question of a statistical basis, do we know what percentage of CDEP recipients are on top-up?

Mr Harvey—I can get that figure.

CHAIR—Can you?

Mr Harvey—Yes.

CHAIR—What percentage of CDEP participants are working full-time? Can we understand that?

Mr Harvey—Well, I might not be able to identify working full-time, but—

CHAIR—I can see a situation where the CDEP recipient with top-up may well be working full-time. It may not be all the time, but I would think that is what it implies. It may not, but that is what it implies to me.

Mr Harvey—Particularly through host agreements, wage subsidies and STEP, we are trying to get Indigenous people to move out of CDEP into the job. They are supported through structured training employment or through wage subsidies to actually make that break from the CDEP. It also involves working with employers to agree that there might be challenges associated with that Indigenous person but to have strategies in place.

CHAIR—Perhaps another way of asking about what percentage of CDEP are working full-time, is to ask: what people go from CDEP to become employed full-time? I can relate it to what we have been saying about the Work for the Dole program, that we believe, and you define, what full-time work is, and there seems to be some agreement about what we think that is. We think maybe 30 per cent of the people who participate in Work for the Dole end up in that definition of full-time work. I do not know how that has altered in recent years, but that is what we used to say. It gives you a picture of what the CDEP is indicating. There were other parts of Australia, some not that long ago, where no-one could tell us that anyone had moved from CDEP to a full-time job, and you would be well aware of that.

Mr Harvey—Yes.

CHAIR—Can you help us with that?

Mr Harvey—We can help you. The trouble with sustainability is we know that, in this financial year, we are already close to 3,000 placements; last financial year, there were about 1,500. We are continually building the information system, so we will give you whatever information we can on sustainability.

CHAIR—Just a very quick snapshot on the changes in CDEP that have been introduced recently, and what are the resultant trends? There are clearly changes to CDEP coming in all the time, but there have been some significant changes recently. Can we talk about that and where you believe it is at currently?

Mr Harvey—We had changes for this current financial year that were basically about using CDEP as a stepping stone and improving the skills of Indigenous people. The changes that the government announced on 29 March were about ensuring that young people in particular do not go straight into CDEP but that they remain in education—that is why the government introduced a youth rate. The other thing was to ensure that, for example—

CHAIR—Sorry, I am asking you to repeat a little of what you said earlier, but go on.

Mr Harvey—The other thing was to limit the amount of time that people spent in urban and regional areas in CDEP, again to ensure that CDEP becomes a stepping stone. I also did not mention registration with the Job Network. We are finding, for example, that one of the highest employment outcomes from the CDEP is a CDEP with 43 per cent of its participants registered with the Job Network. If we scan the statistics of those CDEPs that have their participants registered with Job Network, generally they have higher numbers of employment outcomes. We

know that, for example, by registering with Job Network as well as being in the CDEP, they can get complementary servicing. We are finding that, where the CDEP and the Job Network are working together, we are actually getting better employment outcomes.

CHAIR—Intensive assistance, et cetera?

Mr Harvey—Yes.

CHAIR—Regarding the Australian Chamber of Commerce and Industry comment that DEST and DEWR are two departments playing:

a key role because they take people from education to employment ... should be working hand-in-hand every step of the way.

Can we talk about DEST and DEWR and the connection there?

Mr Harvey—We tend to work together with DEST and DEWR, particularly on the ground. I could cite a number of examples, but in the case of Murdi Paaki, which is a huge area, there was a lot of work put initially into getting the mechanisms working. Together what we are now developing is an employment strategy. From the point of view of DEST and the NSW Department of Education and Training, that will mean that the appropriate training is in place. Also by working through our Job Network, CDEPs and structured training in employment, the pathway to the job is there as well. We have done that in the case of the Minerals Council of Australia. When we have those meetings, they are with Commonwealth and state education and training departments and we do it together. In respect of your point about whole-of-government, in each of these areas, on the ground there are agencies coming together and supporting employment strategies. It came initially out of the COAG and then out of the shared responsibility agreement, and now it is working really well in these regional partnerships agreements.

CHAIR—Okay. That is all I need at this stage. Thank you very much again.

[12.40 pm]

GUMLEY, Ms Kate, Assistant Secretary, Regional and Priority Interventions Branch, Office of Indigenous Policy Coordination

SMITH, Dr Bruce, Assistant Secretary, Intergovernmental Relations and Welfare Reform Branch, Office of Indigenous Policy Coordination

YATES, Mr Bernie, Deputy Secretary, Office of Indigenous Policy Coordination

CHAIR—I welcome the representatives from the Office of Indigenous Policy Coordination. As you would no doubt appreciate, we do not require you to give evidence under oath, but I need to advise you that these are legal proceedings of the parliament and they need to be regarded as such. I invite you to address the committee in as short an opening statement as possible, then we will just go to a general discussion and questions.

Mr Yates—Thank you. I was not going to make a significant statement. Obviously there has been quite a bit of water under the bridge since we last sat with you almost a year ago. Of course, a significant budget was just completed which involved some quite important initiatives, adding over \$250 million to measures that are broadly consistent with promoting economic independence. Our agreement-making with the states, regional groups and communities through shared responsibility agreements has moved on, as has our work with other agencies on whole-of-government policy development. I wanted to give as much time as possible to the committee this afternoon to follow up any questions you might have had in the light of your hearings and submissions.

CHAIR—The ministerial task force identified three areas of priority attention, and on page 5 of your submission you indicate: ‘By undertaking simultaneous actions in these priority areas, the positive outcomes achieved from one area will support and contribute to outcomes achieved in the other priority areas.’ Can you give the committee some examples of successes resulting from this approach?

Mr Yates—The priority areas have become quite important reference points for our policy development work. Certainly in the budget initiatives that have just been announced, and also in last year’s budget, they have been quite significantly linked to the measures to which the task force itself has given strong emphasis. One of those with particular relevance to this committee is the one that deals with promoting economic development, building wealth and employment. As I mentioned earlier, there is a raft of initiatives outlined in the most recent budget that have been informed by our work on a whole-of-government basis. I think it might be easier for me to simply refer the committee to the Indigenous Economic Development Strategy and the budget measures in terms of the government’s endeavours to assist Indigenous Australians to build their capacity to start their own businesses, to start purchase of their own home and certainly to address issues of welfare dependency through the lifting of remote area exemptions and providing services and assistance to Indigenous Australians to access job opportunities, remote area servicing and welfare reform. There are a range of measures that are probably the best practical demonstration of some of the outcomes emerging from that focus on those three priorities.

CHAIR—The coordination process and the capacity of the various government departments to work together on the whole-of-government phase are fairly new and ambitious, I suppose, for many of us in terms of how it would work. There is some evidence that there are still some rough spots and potholes along the way. Could we trace the journey a little and talk about how it has been for the various departments and, as directly as we can, address this difficult area of getting departments to work together and give outcomes? It is not an easy process to get the arms of government working together.

Mr Yates—I think that is a fair comment. Indeed, when the secretaries who are jointly and individually responsible for taking this initiative forward produced their first annual report on the performance of the new arrangements late last year, I think they were quite honest about this as very much a work in progress. They acknowledged that it involves some very significant changes in the way that the public sector does its business and requires quite a lot of cultural change on behalf of people from the grassroots level right up through to the senior levels of the organisation. The Australian Public Service is a big ship of state; it is geared and has been for the best part of 100 years. Of course we are trying to connect to state and territory public sectors as well, so it has been a gradual transition. Without the leadership politically and bureaucratically that has come in behind this, I do not believe that we would have made the progress that we have.

For those of us familiar with the long history of national commitments and statements about improving Indigenous affairs, we have heard a lot of talk about improved coordination but not anywhere near enough action. I believe that the approach that has now substantially been embedded in terms of the infrastructure to support the new whole-of-government approach has been well established, but we now have to get on very much with the real and full implementation of that. You are right: at various points in the bureaucracy there are still—I would not say points of resistance—people not being clear or not being skilled or not understanding how they need to work differently in how they come on board, if you like.

CHAIR—Could I be so bold as to say perhaps there may even be a need for practical reconciliation within our Public Service at times?

Mr Yates—I am certainly of the view that capacity building is not just a challenge for Indigenous people; it is a real issue for how public servants do their work in this whole-of-government way. We have been trying to invest in that area as well and not just seeing the challenges outside the service, because there are some deep-seated ways of doing things. By and large we deliver services and approach our client base quite successfully for the bulk of Australians, and that involves people working in functional specialisations. For many Indigenous Australians, that has not worked, and we need to do it differently, but it is hard turning the efforts and energies of the service for what is a relatively small part of the population, but a critical one, when things are by and large working fairly well with reasonable outcomes in regard to the overwhelming majority. That is the challenge that is in front of us.

CHAIR—How many bilateral agreements have been signed with our state friends?

Mr Yates—We have four now.

CHAIR—Who with?

Dr Smith—With the Northern Territory in April last year, with Queensland in December last year, and with New South Wales and South Australia in April this year.

CHAIR—Any particular impediments to the rest?

Dr Smith—They are all quite different from each other in different ways. We are making good progress with the Western Australian agreement, and we are hoping to get signature reasonably soon.

CHAIR—What are some of the essential ingredients of a bilateral agreement?

Dr Smith—Again, they all differ. There is a standard kind of core structure where they sign up to the COAG principles of service delivery and also the Australian government ministerial task force priorities that we have already touched on, and also whatever core state strategy is in place with each jurisdiction. The bilaterals then go on to identify particular opportunities in each jurisdiction, where there are agreements that we can make progress. So, apart from that standard core structure, there is not a template; it is really a case of what seems to work in each area.

CHAIR—Does education service delivery come into it very often?

Dr Smith—Education is identified as one of the general areas across the—

CHAIR—Can I put to the three of you a very plain question? Some of our most successful people, groups and organisations who deliver Indigenous employment outcomes—real Indigenous employment outcomes in this country—say, ‘Why should we pay twice?’ Now, this is not a Commonwealth issue. But, in terms of the literacy and numeracy outcomes which seem to be quite critical to this discussion, and which our state and territory friends find critical too, we do not seem to be getting the runs on the board. These people who are doing some wonderful work and who are just crying out for people to employ—and you would know to whom I am referring: the mining industry and other industries—say, ‘Why should we pay twice?’ They are actually putting their own cash in to develop literacy and numeracy. Can you help me on that at all?

Mr Yates—You are right. Employment is very much a downstream outcome born of how successfully we have laid the foundations in the run-up to people actually moving on from school or higher education. If we have not laid those foundations successfully in terms of literacy and numeracy, then it is incredibly difficult to actually rehabilitate that. We have invested quite heavily in a place, for example, like Wadeye in the Northern Territory, one of the key COAG trial sites. A lot of money has gone in there, in part to foster and support economic development opportunities for younger people to get apprenticeships and to link into building. They are hitting a brick wall because they cannot get back past the very lower levels of their certificate IV course to enable them to complete an apprenticeship. Of course, there are a lot of other issues in that environment as well that have to be stabilised to create a more supportive context, but in some ways you have to look at what is the feed in and how successful the feed in is to prepare people to compete in the labour market. We all know that it is getting harder and harder to do so.

CHAIR—My view is relatively straightforward, that the states have prime responsibility, and that the Australian government of whatever persuasion can assist, it can cajole, it can offer incentives, it can do a whole lot of things and turn itself inside out, but unless our state and territory friends are going to get out there and do business, we are going to struggle. My last question is: do we have innovation within our area for negotiations that are very difficult, bilateral or whatever, which helps give us a little bit of optimism for the future? Do you have anything you would like to add? I am at a loss. I have been asking these questions for many years now.

Dr Smith—The major work going on in terms of the Commonwealth-state relations in Indigenous education is through MCEETYA, the Ministerial Council on Education, Employment, Training and Youth Affairs, and I think it has identified the Indigenous education as one of its top priorities, if not its top priority at the moment, so that is the major forum. In terms of the bilaterals that have been signed, the main area of discussion at this stage is with the Northern Territory, where we are working together on identifying what could—

CHAIR—Although there is a supplementary, perhaps my specific question needs to be about the positive outcomes. We are urgently and desperately seeking to discover where it is working, where we can see our education system delivering in a way that is giving us the outcome we are looking for. If you see anything like that, let us know.

Mr Yates—We are working a lot better in urban environments than in the remote, no doubt about that. Certainly in terms of our leverage—and it is essentially a state responsibility—one of the things that we are focusing on from a whole-of-government perspective is our special purpose payments, which are major transfers from the Commonwealth to the states for Indigenous education or housing and the like. What are we getting in return for that investment? What are the requirements that need to be reported and satisfied by the states in return for their receipt of those funds, because they primarily spend them? We are looking at what we need to do to ramp up those requirements to ensure that we can be satisfied that the taxpayers' dollars, so far as we have control of it, are in fact bearing fruit. The area of Indigenous education, for example, is one area where our colleagues in the education, science and training—

CHAIR—Are you able to show us the measurement on that?

Mr Yates—Much more meaningful performance criteria about what the states are doing with those resources is built in now. Now, I do not know if the first report has been produced or not, but it was certainly due last time I was—

CHAIR—Can you take that on notice, and can we get whatever you have on that?

Mr Yates—We will take that on notice.

Mrs VALE—Thank you, again, everyone for coming. I was interested in some of the answers to the chair's questions. How do you actually ensure that the voices of, say, urban Indigenous people are actually heard by the departmental heads? Also, how do you ensure that the voices of Aboriginals from all local areas are actually heard by the ministerial council?

Mr Yates—There are a variety of angles for that. The government has a range of consultative machinery; a significant one is the National Indigenous Council, but it is not confined to that. There are Indigenous expertise on higher educational consultative bodies and health consultative bodies. So, there is a range of mechanisms where Indigenous voice and experience are tapped into. Certainly the National Indigenous Council has been a very important adviser to the ministerial task force and they meet together at least twice a year for that discussion and consultation. At the local level, through the making of agreements with communities and at a regional level through regional partnership agreements, we are very much guided by the voices of local people, about not only their priorities but also the ways in which we can best assist to guide anything new that we do and also to guide better the things that government is already doing by way of its programs and services or its investments in that location. Slowly in different regions, there are some new representative or engagement arrangements evolving. It has been slow but from the government's point of view they are very much ones that have to be owned and led by Indigenous people themselves.

Mrs VALE—So there is real progress in Indigenous communities actually having an impact themselves and an input into policy development at various levels.

Mr Yates—This whole new approach is to avoid just going through gatekeepers or organisations and trying to reach people themselves directly. The feedback that we are getting from that contact is that this is the first time they feel that they have really been able to speak and be heard at that level. It is not easy to do that right across the breadth of the country.

Mrs VALE—I note you said you had more success in urban areas, which is understandable.

Mr Yates—People are much more dispersed in urban environments and so we have looked to engage with them where there was a community of interest or people concerned with youth groups or child care. We have engaged with them on those sorts of specific issues and looked at developing shared responsibility agreements.

We are going through a transition period whereby people are looking at what types of mechanisms they can use to give voice to their concerns. Our particular priority has been that a lot of things that government has been doing have not been particularly functional or effective. Our responsibility is to harness the capacity of government, whether it is mainstream programs or Indigenous specific programs, to ensure that they are working far better for the Indigenous client group that they are servicing. So, improving the uptake of mainstream programs and the outcomes from them, such as the employment programs that you have been engaging with DEWR about, is an essential feature of these new arrangements. That means those departments talking with Indigenous people about what does and does not work.

CHAIR—On the evolving history of a relatively new mechanism, what do you think is the awareness in the community amongst the client base of the ICCs?

Mr Yates—It is growing. There are many elements of how the government is doing its business that are still continuing. We are still contracting or grant funding organisations to deliver services. There are certain features that for many people do not appear to have changed significantly. In some areas those programs are moving quite dramatically and CDEP is going

through a series of reforms progressively, and obviously those who have connected with CDEP see the impact of that.

We are not focusing too heavily on promoting the architecture or the formalities of the system. We are more concerned about what the impact is locally for people and whether our colleagues in other departments and in other governments are coming on board in terms of changing the way they are doing business. Our Indigenous Coordination Centres are slowly building their profile. People have heard about the abolition of ATSIC. They have noticed that a lot of services are still continuing. To the extent that they want to engage with Indigenous Coordination Centres around shared responsibility agreements, for example, that is slowly building. We are up to around 160 agreements. It is a big transition. We did not just stop everything and say: 'As of now, no longer will we be engaging with you in the old ways, all those programs and services will stop and, as we get around to talking with you, then we will start the ball rolling.' That was not feasible. So it is an evolution in terms of the implementation.

CHAIR—Are we able to learn something from our initial forays with SRAs?

Mr Yates—The new minister, having come on board, was keen to take stock. We have an evaluation review programmed into our system. Having come into the portfolio, he wanted to look at where we needed to focus our energies and efforts and assess how that was travelling. He is also very concerned about operating on a broader scale in terms of more strategic interventions, which he believes can have quite a significant impact. In partnership with state and territory governments—

CHAIR—Should I take it, then, the SRAs may have a theme rather than being locally based?

Mr Yates—We want to harness what they can do with the communities and where they can do it. Some communities are only up for a small number of issues: learning, developing, re-establishing trust with government. In other areas we are convinced we can do something far more ambitious. The minister has been working with the Chief Minister of the Northern Territory around Alice Springs, for quite a wholesale intervention package to try and break through a set of circumstances there.

CHAIR—In terms of that strategic response, how easy is it in the bureaucracy to look at best practice and adapt it?

Mr Yates—There is not as much best practice in handling Indigenous affairs in this country as we would like.

CHAIR—That is probably where we should leave it today. Thank you very much for coming.

Resolved (on motion by **Mr Laming**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.03 pm