



19 September 2014

Employment Review Taskforce  
Department of Prime Minister and Cabinet  
PO Box 6500  
CANBERRA ACT 2600

Dear Sir/Madam

### **The Forrest Review – Creating Parity Submission**

The Minerals Council of Australia (MCA) welcomes the opportunity to provide a submission in response to The Forrest Review – Creating Parity.

As you are aware, the MCA represents over 85 per cent of minerals production in Australia. The Council's strategic objective is to advocate public policy and operational practice for a world class industry that is safe, profitable, innovative, environmentally responsible and attuned to community needs and expectations. The minerals industry is committed to working with Indigenous communities within a framework of mutual benefit, which respects Indigenous rights and interests.

The MCA supports the call for radical change in Government policy to facilitate improved Indigenous employment and enterprise development outcomes. Many MCA companies treat Indigenous employment and enterprise development as core business and as such self-finance initiatives related to recruitment, training, mentoring, retention, and procurement initiatives. Based on this experience, the MCA advocates that the review recommendations should be aligned to the following principles:

- A long term commitment from all stakeholders;
- Incentive based strategies that are non-discriminatory, context specific and adaptive across time;
- Strong local governance and accountability arrangements based on respect; and,
- Relationships between governments, the private sector and Indigenous leaders and communities to facilitate economies of scale and leveraging opportunities.

In our submission we have focused on the material issues for the minerals industry i.e. recommendations to incentivise employment, create a demand driven approach to employment and training program delivery, and incentivise commercial enterprise. We support in its entirety recommendation 27 which focuses on generating economic and social benefits from land access payments, and have recommended the adoption of the proposed Indigenous Community Development Corporation entity as vehicle for delivering the proposed outcomes. We also note the importance of recommendations pertaining to

developing a future supply of Indigenous employees, housing and mobility, and governance structures however have not discussed them in detail.

The MCA looks forward to further engagement on this review. Should you require further information or clarification of the issues raised please contact Melanie Stutsel, Director Health, Safety, Environment and Communities on 02 6233 0625 or [Melanie.Stutsel@minerals.org.au](mailto:Melanie.Stutsel@minerals.org.au) who has carriage of these matters in the MCA Secretariat.

Yours sincerely

A handwritten signature in blue ink that reads "Brendan Pearson". The signature is written in a cursive, flowing style.

**BRENDAN PEARSON**  
**CHIEF EXECUTIVE**



**MINERALS COUNCIL OF AUSTRALIA  
SUBMISSION IN RESPONSE TO THE FORREST REVIEW – CREATING PARITY**

**SUPPORTED BY:**

MINERALS COUNCIL OF AUSTRALIA VICTORIAN DIVISION  
MINERALS COUNCIL OF AUSTRALIA NORTHERN TERRITORY DIVISION  
QUEENSLAND RESOURCES COUNCIL  
SOUTH AUSTRALIAN CHAMBER OF MINES AND ENERGY

---

**SEPTEMBER 2014**

## EXECUTIVE SUMMARY

---

The minerals industry supports the call for radical change in government policy to facilitate improved Indigenous employment and enterprise development outcomes. The industry's experience over the past 25 years underpins the need for the review to be based on the following principles:

- A long term commitment from all stakeholders;
- Incentive based strategies that are non-discriminatory, context specific and adaptive across time;
- Strong local governance and accountability arrangements based on respect; and,
- Relationships between governments, the private sector and Indigenous leaders and communities to facilitate economies of scale and leveraging opportunities.

MCA recommendations to be considered in government's response to the review are proposed as follows:

### **1. *Incentivising employment (Recommendations 19, 20)***

- i. Companies are encouraged to make, implement and report against voluntary statements of commitment to Indigenous employment which can focus on a range of business relevant activities including increasing employment rates, increasing retention rates and/or facilitating career pathways.
- ii. An opt-in incentivised sectoral/regional brokerage model be used to assist the private sector achieve Indigenous employment outcomes, rather than focusing on the top 200 listed companies.
- iii. Documentation and sharing of good practice across the private, government and community sectors would be more effective in promoting Indigenous employment outcomes than the proposed high profile annual dinner.

### **2. *Creating a demand driven approach to Indigenous employment and training (Recommendations 13, 14, 20 & 22)***

- iv. Companies need to retain autonomy to develop programs to meet their unique site requirements and engage training providers through the ongoing provision of a flexible funding window such as the Indigenous Employment Program.
- v. The provision of adequate funding for 'wrap around' services and mentoring to support recruitment and retention outcomes needs to be addressed.
- vi. The VTEC tender process should be careful not to preclude the competitiveness of smaller Indigenous companies which have demonstrated capacity to deliver Indigenous employment outcomes.
- vii. The proposed voucher system should be able to be utilised on an opt-in basis. Its administration should be the responsibility of Government and the service providers.
- viii. The proposed new system should be flexible enough to respond to future workforce demands and adaptive to changing employer conditions.

### **3. *Incentivising Indigenous commercial enterprise (Recommendations 12, 18)***

- ix. The role of the private sector in supporting Indigenous enterprise development should be acknowledged and the lessons learned from the minerals industry's experience to date documented for the benefit of other companies, industries and sectors.

- x. Indigenous companies should be supported to operate on a commercially competitive basis and not provided with tax free status.
  - xi. The proposed definition of Indigenous enterprises needs to be publicly tested.
  - xii. Front ending capacity building strategies to build competency levels and facilitate economies of scale and longer term sustainability of Indigenous businesses is required.
  - xiii. Government procurement policy settings which unintentionally place restrictions on Indigenous employment outcomes should be reviewed and removed.
- 4. *Generating economic and social benefits from land access payments (Recommendation 27)***
- xiv. Implementation of the recommendations of the Taxation of Native Title and Traditional Owner Benefits and Governance Working Group including the Indigenous Community Development Corporation (ICDC) entity is supported.
- 5. *Building a supply of future employees (Recommendations 1 – 4)***
- xv. The proposal that land access payments be paid in school holidays should not be implemented. Instead developing opt-in income/funds management options should be considered.
- 6. *Changes to the welfare system (Recommendations 1 – 5, 9 – 11, 13, 17)***
- xvi. There is a need to ensure the potential unintended impacts of proposed welfare changes are understood and mitigated before their introduction.
  - xvii. The introduction of an income management initiative as a voluntary measure irrespective of income status, which provides for a proportion of funds being spent on a discretionary basis, is supported.
- 7. *Incentivising labour mobility and housing (Recommendations 17, 25 & 26)***
- xviii. The proposed new housing models will need to be substantially reliant on government and commercial banking funds.
  - xix. Consideration should also be given to FIFO/DIDO arrangements between remote/regional communities and remote/regional employment opportunities.

## THE FORREST REVIEW – CREATING PARITY SUBMISSION

---

### **Introduction**

The Minerals Council of Australia (MCA) is the peak industry organisation representing Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. The MCA's strategic objective is to advocate public policy and operational practice for a world-class industry that is safe, profitable, innovative, and environmentally and socially responsible attuned to its communities' needs and expectations.

Members of the MCA recognise that industry's engagement with Indigenous peoples needs to be founded in mutual respect and in the recognition of Indigenous Australian's rights in law, interests and special connections to land and waters. This point is made even more acute by the fact that more than 60 percent of minerals operations in Australia have neighbouring Indigenous communities.

The minerals industry is committed to working with Indigenous communities within a framework of mutual benefit, which respects Indigenous rights and interests. The MCA supports processes that encourage negotiation and mediation in determining agreed outcomes with traditional owners and which promote timely, equitable and efficient outcomes.

### **Background**

The minerals industry continues to be one of the most significant employers of Indigenous Australians in regional and remote areas of Australia. Over the past 25 years, employment of Indigenous Australians in the minerals industry has increased from 0.5% to a national average of 6%.<sup>1</sup> In remote areas this figure is higher where Indigenous workers can account for up to 40% per cent of those directly and indirectly employed at a mine site.

The minerals industry has also been responsible for facilitating the establishment of Indigenous enterprises in remote regions through its procurement strategies and land use agreements. In the Pilbara alone it is estimated that the minerals industry helped to support the establishment of more than 200 Indigenous businesses.<sup>2</sup>

For MCA companies, Indigenous employment and enterprise development is core business and as such the industry finances a range of initiatives related to recruitment, training, mentoring, retention and procurement. The industry acknowledges that other sectors may have different business drivers to the minerals industry and may not be able to commit to the same level of investment. Accordingly, there will be a requirement from Government in the future to facilitate efforts in order to support other sectors to be equally engaged.

The minerals industry has reached a point on the Indigenous employment maturity curve where the focus now needs to be on retention and facilitating career pathways for its Indigenous employees and building a future supply of Indigenous employees. This focus will help to minimise the risk of recruitment churn and the failure to capitalise on both the personal and company investment in the recruitment phase. It will also help to deliver a sustainable commitment to Indigenous employment in the future.

The recent mining investment downturn has emphasised that strategies for supporting Indigenous enterprises need to be encapsulated in a more sustainable framework. In the MCA's view there needs to be a focus on building the economic diversity of regional and remote areas to reduce the reliance of the minerals industry for providing contracting opportunities in regional and remote areas; and building the diversity and footprint of Indigenous enterprises so they are able to be more responsive to market changes.

---

<sup>1</sup> Adjusted ABS 2011 figures taking into account absenteeism on census night by Hunter, Howlett and Gray (2014)

<sup>2</sup> RSM Bird 2012

The minerals industry supports the call for radical change in government policy to facilitate improved Indigenous employment and enterprise development outcomes. The industry's experience over the past 25 years stresses the need for a new approach to be based on the following principles:

- A long term commitment from all stakeholders;
- Incentive based strategies that are non-discriminatory, context specific and adaptive across time;
- Strong local governance and accountability arrangements based on respect; and,
- Relationships between governments, the private sector and Indigenous leaders and communities to facilitate economies of scale and leveraging opportunities.

The following analysis of the Training and Employment Review recommendations is based on the minerals industry's experience to date. The proposed review recommendations are discussed in order of their relevance to the minerals industry's business. Recommendations for further consideration are also proposed.

### **1. Incentivising employment (Recommendations 19, 20)**

The minerals industry supports recognition of both the role of the private and public sector in providing employment opportunities. It also supports facilitating access to support provisions that recognise the uniqueness of individual companies, rewarding success and avoiding the need for additional administration. However the industry is concerned about the focus of the proposed strategies to incentivise employment as discussed below.

#### **a. Stipulation of a quota.**

It is currently ambiguous as to whether the review is arguing that companies should aspire to have an employment target of 4 percent or aspire to increase the current rate of Indigenous employment by 4 percent over the next 4 – 5 years, whether or not they have already achieved (or surpassed) the 4 percent target. It is noted that the proportion of Indigenous people in employment has not yet achieved parity with the number of Indigenous Australians as a percentage of the total population (i.e. 2.7 percent).

It has been the industry's experience that the stipulation of quotas can be too prescriptive and have unintended consequences including the development of churn and 'poaching' as recruitment and achievement of the quota becomes the primary focus. It has been the minerals industry's experience that a publicly stated long term company commitment and strategy to achieving sustainable Indigenous employment outcomes is the most critical element for ensuring increased Indigenous employment. One of the strongest indicators of a company's performance is the nature of the relationships it has with the communities in which it operates, and importantly how aligned Indigenous employment is with its overall employment and retention strategy.

In recent years minerals companies have chosen to consolidate their investment in recruitment by focusing on retention outcomes. Companies and the public sector should have the option to determine the focus of their intent and involvement and be encouraged to publicly report on alternative indicators that are relevant to their business objectives.

#### **Recommendation:**

- i. Companies are encouraged to make, implement and report against voluntary statements of commitment to Indigenous employment which can focus on a range of business relevant activities including increasing employment rates, increasing retention rates and/or facilitating career pathways.

b. Focus on the top 200 companies

The review recommends that a focus be on *'the top 200 companies in Australia and those with a strong track record of first Australian employment'* by providing them with tailored contracts to access training, rewarding retention at 26 weeks and invitations to high profile celebratory functions.

Whilst encouraging the top 200 companies in Australia to employ more Indigenous Australians is important, its focus is too limited as there is very little reference given to supporting SMEs and non-listed companies. It is argued that the response to the review should focus on acknowledging and supporting good practice of all companies and sectors that are committed to Indigenous employment rather than a select, and relatively well resourced, segment of the market.

There is a need to broker economies of scale for training and mentoring services across companies and sectors in order that they can contribute to Indigenous employment outcomes. The Weipa Regional Partnership Arrangement has trialled such an approach through the Business Chamber very successfully which could be used as a model in other regions.

The opportunity to share experiences and lessons has been important for MCA members as it helps to build knowledge and expertise. It also provides a platform for analysing common barriers and determining how they could be better addressed through systemic change. This is potentially a critical role for both peak bodies and governments and a more effective strategy than 'elite' annual celebratory functions.

**Recommendations:**

- ii. An opt-in incentivised sectoral/regional brokerage model be used to facilitate assist the private sector achieve Indigenous employment outcomes, rather than focusing on the top 200 listed companies.
- iii. Documentation and sharing of good practice across the private, government and community sectors would be more effective in promoting Indigenous employment outcomes than the proposed high profile annual dinner.

**2. Creating a demand driven approach to Indigenous employment and training  
(Recommendations 13, 14, 20 & 22)**

The minerals industry supports the principle that Indigenous employment services should be demand driven i.e. training is designed to meet employer's needs and is directly linked to a job. It shares the review's concern that Indigenous people are among the most trained people in Australia, however the training they have been provided with has not resulted in 'real' employment opportunities.

The MCA participated in the recent review to restructure the Job Services Network in remote Australia. Whilst the Remote Jobs and Communities Program (RJCP) is still being embedded, anecdotal feedback has been that the service providers do not have the competencies to work with the minerals industry using a demand driven framework. At the same time, the minerals industry is not sufficiently incentivised to work collaboratively with the job services sector preferring to deploy their own services to achieve Indigenous employment outcomes.

It would appear that if longer term Indigenous employment outcomes are to be achieved investment in building the capacity of service providers to work effectively with the private sector is required in the short term. Significant structural changes in the Indigenous employment service provider sector in recent years have resulted in agencies rebranding services without any real change in competency or service culture. It is expected that this too may be the case with a transition to the Vocation Training Employment Centre (VTEC) model as it is highly likely that the same providers will be contracted, only in a new guise.

While the minerals industry applauds a focus on retention, there is concern about the level of exposure for service providers if payments are contingent on 26 week retention outcomes. This risk could be mitigated by ensuring adequate funding for the wrap around services<sup>3</sup> that are required to support employees in the work place and outside it. These services have traditionally been under funded and therefore under resourced. Industry engagement with government funded service providers in the future will be contingent upon industry confidence that service providers are funded appropriately to undertake these roles.

There is also industry concern that Indigenous companies that tend to be smaller and community based will not be able to compete with the larger national corporate companies in VTEC tender processes. MCA members will continue to have a commitment to working through local Indigenous companies, making it important that the VTEC tender process provides mechanisms that incentivise their market competitiveness.

The MCA is of the view that the role of government is to develop the work readiness competencies (driver's license, literacy and numeracy training) of Indigenous people and the role of industry is to identify site specific technical competencies and to oversight their delivery by providers.

The preference of industry members is to promote flexibility and adaptability in the design of training products that suit unique site and local community requirements. Member companies have been at the forefront of developing a range of innovative products that have delivered Indigenous employment outcomes. Our members want to preserve this autonomy and not be coerced to utilising already existing products and support the continuation of the Indigenous Employment Program.

The proposed introduction of vouchers for employers to purchase services from educational providers rather than the funding being provided to the registered training organisation also has merit,. The minerals industry is concerned, however about the level of reporting administration that will be required. This strategy will need to ensure that the administration responsibilities still reside with the provider and government rather than with companies. This will help to ameliorate potential exposure to risk in the provision of upfront payments or loans to cover start up program delivery costs of the service providers. The voucher system will also need to be adept at transitioning Indigenous employees to new employers if the contracted employer has to unexpectedly withdraw from the arrangement.

There also needs to be sufficient flexibility in the system to respond to future workforce demands e.g. a mine will commence operations in five years, but currently has no jobs on offer. This lead in time provides the opportunity to prepare Indigenous people for skilled jobs as opposed to undertaking entry level jobs. There is a need for capacity in these circumstances to coordinate the training and work experience required to optimise local skilled employment opportunities.

**Recommendations:**

- iv. Companies need to retain the autonomy to develop programs to meet their unique site requirements and engage training providers through ongoing provision of a flexible funding window such as Indigenous Employment Program.
- v. The provision of adequate funding for wrap around services and mentoring to support recruitment and retention outcomes needs to be addressed.
- vi. The VTEC tender process should be careful not to preclude the competitiveness of smaller Indigenous companies which have demonstrated capacity to deliver Indigenous employment outcomes.
- vii. The proposed voucher system is able to be utilised on an opt-in basis. Its administration should be the responsibility of government and the service providers.

---

<sup>3</sup> Inclusive of cultural awareness training.

- viii. The proposed new system should be flexible to respond to future workforce demands and adaptive to changing employer conditions.

### **3. Incentivising Indigenous commercial enterprise (Recommendations 12, 18)**

The minerals industry is supportive of the intent of growing Indigenous enterprises. It has actively supported the establishment of Indigenous enterprises in regional and remote Australia in recent years. Supporting the establishment of sustainable enterprises is necessary to build regional economic diversity and the footprint of Indigenous businesses so that they are competitive in the mainstream market and not reliant on a particular sector.

The minerals industry is of the view that Indigenous enterprises should be supported to be competitive with other players in the market. Consequently, the MCA does not support the proposal to provide tax free status to Indigenous enterprises because it could result in the commoditisation of Indigenous communities and exploitation in joint venture arrangements. It also notes that the proposed definition of Indigenous businesses that would be eligible for the tax free status (should it be introduced) is contested and requires further consideration and consultation before adoption.

Whilst the MCA acknowledges that the public sector has an important role in providing procurement opportunities to Indigenous enterprises, it is disappointed that the review recommendations focus only on the role of government and not the private sector. The minerals industry has developed a body of expertise in Indigenous enterprise procurement policies and practices in supporting Indigenous enterprise and has an ongoing commitment in this regard. We note the importance of the value placed on the development of long term sustainable 'relationships' with a significant investment in front end capacity building strategies, as opposed to the 'compliance' focus of governments. Further, the minerals industry would be very happy to share our understandings of 'what has worked' with other sectors.

We recommend that contracts should be awarded to Indigenous enterprises based on merit and competency as is minerals industry practice. This strategy should be front ended with a range of capacity building strategies so that Indigenous enterprises are able to meet the procurement competencies (i.e. tender specifications) on a competitive and sustainable basis. Based on our experience, the industry also cautions that until a critical mass is achieved in employment outcomes, it may be premature to set the bar too high with respect to Indigenous enterprise outcomes in the shorter term.

The MCA is aware that the current Commonwealth Government procurement policy does not allow companies to employ people with a criminal record. This policy consequently places limitations on companies that can be engaged and also who they can employ given the high number of Indigenous people who have criminal records for relatively minor crimes. Amendments to this policy would be a critical first step to secure both a higher proportion of contracts with Indigenous enterprises and a higher employment rate of Indigenous persons.

#### **Recommendations:**

- ix. The role of the private sector in supporting Indigenous enterprise development should also be highlighted and addressed in the response to the review, as should the opportunity to use the lessons learned from the minerals industry acknowledged.
- x. Indigenous companies should be supported to operate on a commercially competitive basis and not provided with tax free status.
- xi. The proposed definition of Indigenous enterprises needs to be publicly tested.
- xii. Front ending capacity building strategies to build competency levels and facilitate economies of scale and longer term sustainability of Indigenous businesses is required.
- xiii. Procurement settings which unintentionally and unnecessarily place restrictions on Indigenous employment outcomes should be reviewed and removed.

#### **4. Generating economic and social benefits from land access payments (Recommendation 27)**

The MCA strongly endorses the need to ensure that the benefit flows from agreement making processes deliver sustainable social and economic benefits that are intergenerational, and endorses recommendation 27 in its entirety.

The MCA in collaboration with the National Native Title Council (NNTC) developed the Indigenous Community Development Corporation (ICDC) entity as an alternative trust model (see Box 1). We strongly encourage the Commonwealth Government adopt and implement the ICDC as it will help to facilitate the outcomes being sought by the Forrest Review and has been assessed by a Treasury Working Group in 2013 as being revenue neutral. This approach we consider will provide the benefits being sought by the consideration of tax exempt status noted elsewhere in the Forrest Recommendations in a way which incentivises good governance, enhanced transparency and the guarantee of intergenerational community benefit.

##### **Box 1**

The MCA recommends the Australian Government, consistent with the recommendation of the Treasury led Native Title Payments Working Group, adopts the joint MCA and National Native Title Council proposal for an Indigenous Community Development Corporation (ICDC) entity.

The ICDC establishes a new category of entity for tax purposes as an opt-in structure for the management of payments and benefits negotiated by Indigenous communities and groups, whether these benefits come from the public or private sector including from land access related agreements or heritage related payments. Specifically, the ICDC provides a registered not-for-profit entity that is exempt from income tax and has DGR status.

The development of the ICDC entity as a category of tax exempt entity would substantially enhance the effectiveness and efficiency of the existing system, including by:

- shifting the language away from concepts of charity to broader concepts of community and socio-economic development;
- creating greater flexibility within the taxation system for community specific approaches to managing funds for socio-economic development;
- providing for a structure that encourages intergenerational and sustainable benefits;
- creating capacity to maximise the delivery of economic and social dividends with minimal administrative burden and recognising the unique multifaceted challenge of Indigenous disadvantage, in line with Government's commitment to 'Closing the Gap'; and
- reducing welfare dependency, as private income streams from land-related payments and income from investing in business development are more effectively used and create real economies in remote locations.

An advantage of the ICDC entity is its relative simplicity. Key features of the ICDC concept are:

- **Authorised Purposes** – ICDC entities would be authorised to apply funds to purposes that are within the scope of the ordinary concepts of charity and broader community and economic development activities – this includes activities consistent with achieving the 'Closing the Gap' targets, business development, capital accumulation for future generations and the establishment of superannuation funds.
- **Tax treatment** - Money received (and earned) by ICDC entities will be tax exempt to the extent it is applied for authorised purposes. Recipients of superannuation benefits will be taxed on

ordinary concessional principles.

- **Scope of Functions** – The ICDC entity would be an optional vehicle for Indigenous communities to use to fund authorised purposes. An ICDC entity would not need to be the only vehicle used by those communities (other "for profit" entities can be used under the general law) but its flexibility and features are designed for it to be used as an "omnibus" structure to manage funds from multiple sources. The ICDC entity is a principally funding provider rather than entity service provider. Its functions would include identifying the most effective mechanism to implement the delivery of authorised purposes.
- **Beneficiary communities** – An ICDC entity can be for the benefit of any Indigenous community, and is not limited to native title or other land holding groups. However, while an ICDC entity may differentially apply benefits, as to amount, type and time, to different parts of an Indigenous community, the Indigenous community must be wide enough to pass the public benefit test.
- **Decision-making control and governance compliance** – Decisions about the use, investment and distribution of ICDC entity funds would be made by, or with the concurrence of, the relevant Indigenous community or the narrower group of traditional owners. Minimum governance structures for the ICDC entity would be prescribed and would include a model constitution, trust deed or rules depending on the relevant legal structure.
- **Resourcing Prescribed Body Corporates** - An ICDC entity would also be required to co-invest in the costs associated with the operations of any Prescribed Body Corporate when the monies received are over a specified threshold.

#### **Why is it required?**

Current legislation does not easily allow for the accumulation of funds derived from native title and other related agreements. Long term economic and social development activities and the accumulation of benefits are effectively disincentivised under current legislation which is working against the policy objective of 'Closing the Gap' and delivering positive intergenerational change for Indigenous people.

While some agreements provide significant benefits over two decades or more, it is more often the experience of native title owners that they have a number of small payments from a number of mining agreements which singularly aren't able to contribute to closing the gap or regional development outcomes. The ICDC entity will permit the accumulation of funds for use in delivering a substantive service or facility for Indigenous people rather than the collective value of these benefits from being lost through individual distributions.

#### **Recommendation:**

- xiv. Implementation of the recommendations of the Taxation of Native Title and Traditional Owner Benefits and Governance Working Group including the Indigenous Community Development Corporation (ICDC) entity is supported.

#### **5. Building a supply of future employees (Recommendations 1 – 4)**

Many MCA members committed to providing Indigenous employment opportunities recognise the importance of building a supply of future local Indigenous employees. The provision of appropriate health and education services is a government and non-government responsibility which in the past has not been successful in generating a work ready and skilled work force. As a consequence, the minerals industry has had to invest in programs to develop work readiness competencies of prospective Indigenous employees.

The MCA acknowledges the importance of early intervention and appropriately designed school programs as an important focus but is not in an informed position to discuss the detail of the suggested strategies.

However the MCA disputes the merit of land access payments being paid in school holidays as a means of keeping children in school. We contend that a more appropriate strategy would be to provide opt-in mechanisms in which these monies can be better managed i.e. through a structure such as the ICDC (described in Box 1) or through an income management system (discussed below) to help ensure monies can be used to pay for health, educational and housing costs as they arise during the school term.

**Recommendation:**

- xv. The proposal that land access payments be paid in school holidays is not implemented. Instead a focus on developing income/funds management options be considered.

**6. Changes to the welfare system (Recommendations 1 – 5, 9 – 11, 13, 17)**

The review proposes a range of changes to the welfare system that are intended to incentivise Indigenous people to participate in the workforce, increase school attendance and encourage labour mobility by reducing access to the welfare system and limiting discretionary expenditure. The MCA promotes the benefits of implementing strategies that aren't discriminatory or coercive and are context specific.

For example, the MCA supports the implementation of the income management measures as a voluntary measure which provides for a proportion of funds being spent on a discretionary basis. These measures should be open to people irrespective of their income status. This would allow employees of the minerals industry to opt in to avoid humberging and its associated stresses which are often cited as a barrier to retention.

The MCA also advocates the need for more certainty that the proposed coercive measures do not have unintended impacts, such as reducing family and community income, without driving the intended change. Sufficient data should be available with the recent CDEP program changes as an evidence base to inform this analysis.

**Recommendations:**

- xvi. There is a need to ensure the potential unintended impacts of proposed welfare changes are understood and mitigated before their introduction.
- xvii. The introduction of the income management initiative as a voluntary measure irrespective of income status, which provides for a proportion of funds being spent on a discretionary basis, is supported.

**7. Incentivising labour mobility and housing (Recommendations 17, 25 & 26)**

In line with the principles outlined in the submission background (p5), the MCA supports the intent of incentivising labour mobility and increasing housing supply in order to increase employment outcomes. The industry supports the provision of accommodation packages to enable prospective Indigenous employees to more easily move to locations with greater employment opportunities. The industry is concerned, however that the proposal may be too reliant on private sector capital to increase the capital available for employment home loans for Indigenous employees.

It is noted that this strategy is based on existing minerals industry practice when recruiting corporate level employees rather than entry level employees. Consequently in the short term, particularly in the current economic market, it is unlikely the minerals industry will be able to substantially contribute the proposed funds and that it will need to be sourced from government or community funds. It is also unlikely that the strategy will be able to be adapted to other private market sectors.

Industry experience points to the need for transitional housing models and sufficient wrap around supports for Indigenous people who move to new locations for work purposes which should also be considered in the review. There has been an effective model operating in Port Augusta in collaboration with Aboriginal Hostels Australia which could be referred to as good practice.

With respect to labour mobility, the MCA recommends the importance of opt-in arrangements and more consideration be given to supporting FIFO/DIDO from remote/regional communities to remote/regional operations. Widely reported benefits of FIFO are that it allows Indigenous employees to maintain connection with their land and cultural practices, and minimises factors which restrict peoples continued engagement with the workforce.

***Recommendations:***

- xviii. The proposed new housing models will need to be substantially reliant on government and commercial banking funds.
- xix. Consideration should also be given to FIFO/DIDO arrangements between remote/regional communities and remote/regional employment opportunities.

***8. Driver's licences and training in incarceration (Recommendations 15, 16)***

The MCA supports the initiatives proposed in the Forrest review. We are aware of a number of excellent initiatives already undertaken in the minerals and construction industries which could be referred to as exemplars.

***9. Governance arrangements (Recommendations 23, 24)***

The MCA recognises the need to promote local governance in order that appropriate context specific service models are established to effectively address priority issues and opportunities. It is our experience that 'one size fits all' public policy settings have had a track record of ineffectiveness.

Consideration should also be given to how Aboriginal people can hold governments and service providers accountable for funding outcomes and avoiding duplication particularly across federal and state government jurisdictions.

## **CONCLUSION**

---

The MCA supports initiatives that will create sustainable employment and enterprise development outcomes for Indigenous people. As outlined in page 2 of the submission, the MCA advocates that the response to the review recommendations should be principle based. We note that the review recommendations go beyond the scope of the terms of reference and the initial consultation focus. As a consequence the MCA encourages more consultation and analysis on some recommendation areas before adoption as outlined.

The MCA looks forward to further engagement on this review. Should you require further information or clarification of the issues raised please contact Melanie Stutsel (Director Health, Safety, Environment and Communities) who has carriage of these matters in the MCA Secretariat on 02 6233 062 or [Melanie.Stutsel@minerals.org.au](mailto:Melanie.Stutsel@minerals.org.au).