

Economic independence

- 3.1 Economic independence through employment offers the opportunity of owning a property and building one's own wealth for the next generation. This was clearly articulated by Mr Ernest Brimm who proudly described the achievements of Tjapukai Aboriginal Cultural Park as representing:

... the new spirit of freedom that is hopefully growing in the Aboriginal community at large - freedom from dependence on government handouts; freedom from a century of oppression; freedom from the cycle of poverty. We are proud of what we have accomplished.¹

Opportunities

... opportunities matter. If there are no opportunities, there will be no progress for our people. I am not talking about employment opportunities. That should be a given. I am talking about business opportunities.²

- 3.2 Indigenous people need opportunities; they are not asking for money. Having the opportunity is what is important. Ms Jody Broun suggested that governments need to consider incentives that encourage enterprises to employ Aboriginal people.³ The Director General of the New South Wales Department of Aboriginal Affairs listed the lack of opportunities

1 Mr Ernest Brimm, Cultural Officer, Tjapukai Aboriginal Cultural Park, *Transcript of Evidence*, 27 July 2005, p. 5.

2 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 50.

3 Ms Jody Broun, Director General, Department of Aboriginal Affairs, New South Wales, *Transcript of Evidence*, 19 August 2006, p. 87.

along with racism as the two impediments to positive employment outcomes for Aboriginal people.⁴

Affirmative action

3.3 Mr Daniel Tucker of Carey Mining Pty Ltd, strongly believes that the best strategy to increase Aboriginal employment is to assist Aboriginal companies.⁵ Given opportunities, Aboriginal people would get involved in businesses.⁶ Mr John Corboy, a successful businessman, described the situation as:

Personally, I am not enormously into reconciliation; I am enormously into affirmative action. I think, beyond any doubt, there is an undeniable case that the Aboriginal members of our community do need to have the playing field levelled.⁷

3.4 Mr Tucker suggested affirmative action led by Government and believes that industry will follow.⁸ Affirmative action should be at three levels: the corporation, the subcontractors and employees. Carey Mining added that:

If people are letting those contracts, they could stipulate that whoever wins the contract must look at engaging Aboriginal subcontractors as part of the process.⁹

3.5 Regulating Indigenous employment opportunities in remote locations as part of mining license conditions was suggested by the Bloodwood Tree Association Inc. The example was given of Erkat Diamond Mine in Northern Canada which has over 30 per cent Indigenous employment.¹⁰

3.6 Central Australian Aboriginal Media Association also suggested the inclusion of criteria for Indigenous organisations to employ and train Indigenous people and collaborate with organisations which have experience in the provision of training services.¹¹

4 Ms Jody Broun, Director General, Department of Aboriginal Affairs, New South Wales, *Transcript of Evidence*, 19 August 2006, p. 86.

5 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 42.

6 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 43.

7 Mr John Corboy, *Transcript of Evidence*, 11 April 2006, p. 3.

8 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 42.

9 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 43.

10 Bloodwood Tree Association Inc, *Submission No. 34*, p. 3.

11 Central Australian Aboriginal Media Association, *Submission No. 32*, p. 6.

- 3.7 Affirmative action could take a number of forms, including a percentage of contracts being set aside for Aboriginal people to participate in. If work is to be sub-contracted, the successful tenderer could be required to engage Aboriginal sub-contractors.¹² Another option is that the company performing the work could engage Aboriginal employees reflective of the percentage of Indigenous population in the area.
- 3.8 One way of overcoming this inflexibility is to incorporate opportunities for Indigenous businesses in tendering processes. It was suggested that:
- The Federal Government develop contract procurement and construction guidelines that promote and encourage Aboriginal contractors in the private sector for Government contracts.¹³
- 3.9 For example, in New South Wales, the *Aboriginal Participation in Construction Implementation Guidelines* commit the government to facilitate the achievement of positive Aboriginal participation outcomes on government construction projects. Projects that have a significant impact on Aboriginal communities include Aboriginal employment and training and the use of Aboriginal enterprises.¹⁴ There is an acceptance that Aboriginal builders face greater difficulties in commencing and operating enterprises, which may lead to higher tender prices.¹⁵
- 3.10 The NSW Government would like to see the Federal Government require agencies to include minimum targets in their Equal Employment Opportunity Management Plan and report annually.¹⁶ The New South Wales Government suggested:
- ... all Government agencies establish minimum Aboriginal employment targets that reflect the Aboriginal population, that is 2% or greater. Agencies providing a direct service to Aboriginal people should be encouraged to employ staff numbers that more accurately reflect the percentage of their Aboriginal client base.¹⁷
- 3.11 The Queensland Government urged the Committee to support the introduction of targets for Indigenous employment particularly in housing and construction when funding major infrastructure in Indigenous

12 Mr Daniel Tucker, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 43.

13 New South Wales Government, *Submission No. 111*, p. 5.

14 Ms Jody Broun, Director General, Department of Aboriginal Affairs, New South Wales, *Transcript of Evidence*, 19 August 2006, p. 83.

15 New South Wales Government, *Submission No. 111*, pp. 16-17.

16 New South Wales Government, *Submission No. 111*, p. 5.

17 New South Wales Government, *Submission No. 111*, p. 5.

communities.¹⁸ The Queensland Government recommended that the Australian Government require 20 per cent Indigenous employment on all civil and building construction projects in designated Indigenous communities (valued at \$100 000 or more) funded by government.¹⁹

- 3.12 The Cairns and District Regional Corporation has a 70 per cent local Indigenous labour component in their maintenance and building program.²⁰ The Committee is pleased to note this success which clearly indicates that this can be achieved.

Recommendation 1

- 3.13 **The Committee recommends that the Minister propose that the corporate governance procedures and the sound business principles under which the current Board of the Cairns and District Regional Housing Corporation are operating (noting the average of 70 per cent local Indigenous labour component in their maintenance and building programs) be considered as a model practice for other Indigenous housing and tenancy corporations.**
- 3.14 The Queensland Government called for targets to be set in the Commonwealth Indigenous Public Sector Employment program.²¹ The Saima Torres Strait Islander Corporation urged the employment of Indigenous officers in all government agencies who assist Indigenous people.²²
- 3.15 Others were more cautious. Mr Peter Yuile, Department of Agriculture, Fisheries and Forestry, suggested that there needed to be prior knowledge of the regional situations and adequate management support to sustain the Indigenous employees before setting targets. He also emphasised that it is not a case of one size fits all.²³

18 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, p. 16.

19 Queensland Government, *Submission No. 105*, p. 11.

20 Mr Jack Szydzik, *Transcript of Evidence*, 15 May 2007, p. 15.

21 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, p. 16; Queensland Government, *Submission No. 105*, p. 13.

22 Saima Torres Strait Islander Corporation, *Submission No. 83*, p. 2.

23 Mr Peter Yuile, Executive Director, Australian Quarantine and Inspection Service, *Transcript of Evidence*, 6 February 2006, p. 9.

- 3.16 The Department of Employment and Workplace Relations commented that the procurement guidelines already recognise Indigenous employment for general projects over \$5 million and over \$6 million for construction projects.²⁴ The Department argued that they are having greater success by working with industry and contractors and assisting them to employ Indigenous people rather than imposing targets.²⁵
- 3.17 There were some examples of progress. The City of Melbourne is reviewing their contract specification documents in terms of what are the social commitments of the companies that would allow them to score higher for work contracts.²⁶ The Great Southern Development Commission supports select tendering for Indigenous employment through public works projects.²⁷

Indigenous employment targets

- 3.18 Australia Post employs 583 Indigenous Australians which represents 1.7 per cent of the workforce and 27 per cent of these positions are above the base grade level.²⁸ Within Australia Post, achievement against an Indigenous employment target is incorporated into Performance Management Agreements and recruitment is managed by Indigenous Employment Consultants.²⁹ The setting of targets ensures that managers continue to build their employment base and do not rest on their laurels.³⁰
- 3.19 The percentages of Indigenous employees in some mining operations are also impressive, for example:
- Comalco, Weipa, 17.5 per cent of the workforce with a target of 35 per cent by 2010;
 - Comalco, Gladstone, 6.5 per cent of the workforce;
 - Pilbara Iron, 3.8 per cent of the workforce with a target of 15 per cent;

24 Mr Bob Harvey, Group Manager, Indigenous Employment and Business Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 8 August 2005, p. 14; Ms Jody Hamilton, Assistant Secretary, Business and Policy Development Branch, Department of Employment and Workplace Relations, *Transcript of Evidence*, 8 August 2005, p. 14.

25 Mr Bob Harvey, Group Manager, Indigenous Employment and Business Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 8 August 2005, p. 14.

26 Ms Colleen Lazenby, Manager, Community Safety and Well Being, City of Melbourne, *Transcript of Evidence*, 11 April 2006, p. 60.

27 Great Southern Development Commission, *Submission No. 68*, p. 2.

28 Australia Post, *Submission No. 96*, p. 1.

29 Australia Post, *Submission No.96*, p. 3.

30 Mr Rod McDonald, Group Manager, Human Resources, Australia Post, *Transcript of Evidence*, 11 April 2006, p. 17.

- Argyle Diamonds, 23 per cent of the workforce were local Indigenous people in May 2005³¹ with plans to increase this to 40 per cent by 2010;³²
 - BHP Billiton Iron Ore have an Indigenous Employment Strategy with a 12 per cent Indigenous employment target for the company and contractors by 2010;³³ and
 - Groote Island Mining Company has approximately 20 per cent of its permanent workforce from Indigenous descent.³⁴
 - The National Tertiary Education Union also believes that the inclusion of employment targets has ensured that universities address their current employment practices and conditions.³⁵ This includes increasing Indigenous employment levels and retention rates and ensuring culturally appropriate conditions of employment.³⁶
- 3.20 The Tangentyere Council believes that all government contracts should be required to consider Indigenous employment and have a training component which reflects the Indigenous population levels in the community and that such contract provisions should be enforceable.³⁷
- 3.21 Mr Daniel Tucker made the point that there are already government funding programs but these cannot be used without opportunities:
- If the opportunities are there to match those programs, you will find more people accessing programs, taking up opportunities, getting involved with business, and getting involved in the real economy. Employment and training will then follow, and everything else will follow – education will follow and the standard of living of Aboriginal people will start lifting. So it all comes back to opportunities.³⁸

31 Rio Tinto Ltd, *Submission No. 80*, pp. 9, 23.

32 *Rio Tinto Indigenous Employment in Australia*, Rio Tinto Ltd, 2007, p. 10.

33 Bloodwood Tree Association Inc, *Submission No. 34*, p. 1.

34 <http://sustainability.bhpbilliton.com/2005/repository/socioEconomic/ourPerformance/employeeRelations.asp#IndigEmp#IndigEmp> (accessed at 23 May 2007).

35 National Tertiary Education Union, *Submission No. 76*, p. 7.

36 National Tertiary Education Union, *Submission No. 76*, p. 7.

37 Tangentyere Council, *Submission No. 69*, p. 14. Tangentyere Council, *Supplementary Submission No. 69a*, p. 2.

38 Mr Daniel Tucker, Managing Director and Owner, Carey Mining Pty Ltd, *Transcript of Evidence*, 27 October 2005, p. 50.

Recommendation 2

- 3.22 **The Committee recommends that all Federal Government construction contracts in regional areas give due recognition to aspirational imperatives for Indigenous employment outcomes.**

Recommendation 3

- 3.23 **The Committee recommends that the Federal Government amend government service delivery tender requirements and contracting processes to recognise and encourage Indigenous involvement.**

- 3.24 The Tangentyere Council commented that:

In respect of contract preference, the inclusion of Indigenous employment requirements in government and non-government contracts are an important step in generating employment opportunities, but this is only effective where such contract provisions are enforceable. From the lessons drawn from our experiences we propose comprehensive employment generation through an import substitution model such as the successful central remote model for housing construction. This needs to be implemented across all areas of service provision ...³⁹

- 3.25 Tangentyere Council added that in addition to creating employment opportunities for Indigenous people this will also assist people to move to mainstream employment opportunities.⁴⁰ The establishment of goals, targets and performance indicators for employment programs will ensure that the outcomes will align with community values and assist in building community capacity.⁴¹ Support for individuals to participate in training and employment should also benefit communities, clans and families.⁴²

39 Mr William Tilmouth, Executive Director, Tangentyere Council, *Transcript of Evidence*, 12 July 2005, p. 28.

40 Mr William Tilmouth, Executive Director, Tangentyere Council, *Transcript of Evidence*, 12 July 2005, p. 28.

41 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, p. 17.

42 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Department of Employment and Training, Queensland, *Transcript of Evidence*, 29 July 2005, p. 17.

Regional economic opportunities

- 3.26 Tangentyere Council called for a regionally based quantitative assessment of labour supply and current and potential demand to inform the development of an appropriate mix of resources for employment, training and enterprise development.⁴³ Programs should be operated on a regional level to achieve economies of scale; they should have Indigenous control and access to professional expertise.⁴⁴ Indigenous Business Australia is also working on regional specific economic data to inform business and industry initiatives.⁴⁵
- 3.27 Regional circumstances dictate business opportunities and some industries are more suitable in terms of Indigenous interests and skill sets.⁴⁶ The Indigenous Business Development Programme and the Home Ownership Program is designed to enable a more holistic approach to the economic development of Indigenous people.⁴⁷ The Equity and Investments Programme is designed to bring industry and Indigenous communities together in joint venture ownership and management of businesses for opportunities that are economically sustainable.⁴⁸
- 3.28 Indigenous Business Australia is undertaking some regional economic intelligence pilots to identify business opportunities in the Kimberley and Townsville areas.⁴⁹ A microfinance pilot being conducted by IBA has been successful but depends on a hands-on approach which is costly.⁵⁰ The New South Wales Government provides free assessment and advice on growth opportunities and the Badyari Ngalaya supports partnerships between Aboriginal enterprises and Australian business leaders.⁵¹

We are actually getting inundated with requests from state and territory governments to talk to the economic agencies.

Traditionally, we have met some in the past, but the doors have opened up a lot more now. I am not sure whether that is a reflection of the fact that we have access to more capital, but I

43 Tangentyere Council, *Supplementary Submission No. 69a*, p. 3.

44 Tangentyere Council, *Supplementary Submission No. 69a*, p. 3.

45 Indigenous Business Australia, *Submission No. 104*, p. 22.

46 Indigenous Business Australia, *Submission No. 104*, p. 22.

47 Indigenous Business Australia, *Submission No. 104*, p. 8.

48 Indigenous Business Australia, *Submission No. 104*, pp. 10-11.

49 Ms Michaela Woods, Executive Policy Manager, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 31.

50 Mr Ivan Parrett, Assistant General Manager, Business Finance, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 27.

51 Ms Jody Broun, Director General, Department of Aboriginal Affairs, New South Wales, *Transcript of Evidence*, 19 August 2006, p. 85.

think they genuinely see opportunities within their states and territories.⁵²

- 3.29 There are opportunities available which have not been pursued. In Shepparton there is an unemployment level of less than 5 per cent and the shortage of skilled labour means that companies have plant equipment sitting idle while the local Indigenous community has high unemployment levels.⁵³ Another opportunity suggested by the Great Southern Development Commission was for infrastructure development and contracting services in the joint management arrangements in national parks and high conservation areas which could provide long-term sustainable employment opportunities.⁵⁴
- 3.30 The opportunities for Indigenous employment in regional and remote areas are principally in mining and infrastructure development on Aboriginal land, management of national parks, reserves and Aboriginal land, mainstream services and Aboriginal enterprise development.⁵⁵ Land management projects also enable the families of the traditional owners to be actively engaged on their land.⁵⁶
- 3.31 The Department of Agriculture, Fisheries and Forestry employs Indigenous officers in the Northern Australia Quarantine Strategy to protect Australia from entry of exotic pests, disease and weeds.⁵⁷ Aquaculture also provides employment and training opportunities as well as supplementing food production.⁵⁸ The National Indigenous Forestry Strategy, the Natural Heritage Trust and the National Landcare Program also provide training and employment opportunities.⁵⁹
- 3.32 Also young people in some regional areas aspire to working in the pastoral industry as their fathers and grandfathers did.⁶⁰ There is the

52 Mr Ron Morony, General Manager, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 32.

53 Mr Adrian Appo, Executive Officer, Ganbina Koori Economic Employment and Training Agency, *Transcript of Evidence*, 11 April 2006, p. 75.

54 Great Southern Development Commission, *Submission No. 68*, p. 2.

55 Mr David Alexander, Manager, Land Management, Central Land Council, *Transcript of Evidence*, 12 July 2005, p. 45.

56 Mr David Alexander, Manager, Land Management, Central Land Council, *Transcript of Evidence*, 12 July 2005, p. 51.

57 Department of Agriculture, Fisheries and Forestry, *Submission No. 100*, p. 1.

58 Department of Agriculture, Fisheries and Forestry, *Submission No. 100*, p. 1.

59 Department of Agriculture, Fisheries and Forestry, *Submission No. 100*, pp. 2-3.

60 Mr David Alexander, Manager, Land Management, Central Land Council, *Transcript of Evidence*, 12 July 2005, p. 55.

capacity to increase pastoral production on this land and there are already a number of well-run Indigenous owned and operated cattle enterprises.⁶¹

- 3.33 Key factors in achieving Indigenous employment outcomes include identification of the aspirations of the Indigenous groups, the viability and sustainability of proposed enterprises, developing capacity and assessing commitment of prospective employees and effective collaboration with all stakeholders.⁶²

Lessons for the future

- 3.34 Mr Willie Gordon, who developed *Guurbi Tours*, relates the story of his own initiation into the entrepreneurial world:

I couldn't start my business because I didn't know how to. The only thing that I knew was how to be involved in a workshop and planning and making strategies. Apart from lack of knowledge, there were other blockages: lack of support, lack of funds, and the viability question. And fear was stopping me. Business is about making decisions and taking responsibility, but in Hope Vale decisions were always made by somebody else.⁶³

- 3.35 Mr Michael Winer believes that building strong Indigenous institutions has been one of the great success factors in Cape York and it works with health, education, business development or employment:

They face north into their people and that turns a situation of having hundreds of field officers running around and endless meetings and things into a situation where it is the Indigenous organisations that take the responsibility for sorting out the political, cultural and law issues. That is where everyone, particularly government, gets tangled up.⁶⁴

- 3.36 Indigenous Enterprise Partnerships (IEP) works on business, economic and land management issues and believes in building the capacity of

61 Indigenous Land Corporation, *Supplementary Submission No. 63a*, p. 1.

62 Indigenous Land Corporation, *Submission No. 63*, p. 3.

63 Judy Bennett & Wilfred Gordon, 'Social Capital and the Indigenous Entrepreneur' (2005/2006) *Australian Prospect*, Summer, p. 5.

64 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 32.

Indigenous organisations and institutions to provide services to Indigenous people.⁶⁵ IEP's platform of engagement involves:

... putting high-level expertise behind Indigenous ideas and programs, whether that be in employment, economic development or business development, and quite often into the social programs as well, because we find that one cannot operate without the other. You need a strong health program, a strong youth and child program, a strong leadership program and strong family programs if you are to get strong employment and economic development outcomes.⁶⁶

- 3.37 While the Committee acknowledges the importance and success of initiatives such as the National CDEP and IEC Achievement Awards, Jobs Careers Future Awards and Corporate Leaders for Indigenous Employment Awards, the Committee believes that formal recognition of the achievements by the Parliament is appropriate to reflect the significance of the employment and entrepreneurial outcomes which Indigenous individuals and communities have achieved.

Good business

- 3.38 Pilbara Iron believes that there is a business case for employing Indigenous people.⁶⁷ There are benefits to business being able to employ within local communities in terms of retaining Aboriginal employees.⁶⁸ This means that there are people earning good money which has a multiplier effect. Previously mining companies employed expatriate non-Aboriginal staff who did not invest their long-term assets locally and therefore did not contribute to regional development.⁶⁹
- 3.39 The Australian and New Zealand Bank, Commonwealth Bank and National Australia Bank all have Indigenous employment initiatives.⁷⁰

65 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 28.

66 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 29.

67 Mrs Kellie McCrum, Superintendent Training and Development, Pilbara Iron, *Transcript of Evidence*, 27 October 2005, p. 19.

68 South Australian Chamber of Mines and Energy, *Supplementary Submission No. 89a*, p. 2.

69 Mr Bruce Harvey, Chief Advisor, Aboriginal and Community Relations, Rio Tinto Ltd, *Transcript of Evidence*, 11 April 2006, p. 37.

70 National Australia Bank Ltd, *Submission No. 45*, p. 1; Mr Thomas Eckersley, Area Manager, Retail, Commonwealth Bank of Australia, *Transcript of Evidence*, 10 February 2006, p. 4; Mr Michael Vasta, Manager, Public Policy, Australian and New Zealand Banking Group Ltd, *Transcript of Evidence*, 10 February 2006, p. 5.

The key aim of the National's initiative is to develop and implement long term systemic and cultural change to create employment pathways and maximise the employment prospects of Indigenous Australians within the organisation.⁷¹

3.40 It is good business to employ Indigenous people:

... because people want to bank where their own people are. I actually took my business from one bank ... to the ANZ because of Bruce's commitment to our people. We shop at Woolworths because of their commitment to our people. We have money. Whether it is the welfare dollar or whatever, we have wealth with our money. We have to buy food.⁷²

3.41 The Indigenous Employment Strategy Framework for Industry provides a commitment by the Australian Chamber of Commerce and Industry to increase employment for Indigenous people in the private sector. The development of the strategy has resulted in many association members exploring ways to address current skills shortages through the employment of Indigenous people.⁷³

... increased economic independence through partnerships with industry, especially in rural and remote communities, lies in indigenous communities being able to effectively negotiate with the minerals and resources sectors as well as being able to access venture seed capital and contractual commitments. Addressing these issues at the national level would greatly assist the self-determination of many indigenous communities.⁷⁴

3.42 The Queensland Government suggested the Commonwealth Government develop and implement strategies to market Indigenous employment to employer groups and unions and provide incentives to industries which have the best prospects of employing Indigenous people.⁷⁵ For example, Mission Australia suggested that tourists coming to Australia wish to see traditional Aboriginal faces but how many Indigenous people from

71 National Australia Bank Ltd, *Submission No. 45*, p. 2.

72 Ms Cathy Duncan, Director, Culture and Reputation, Aboriginal Employment Strategy, *Transcript of Evidence*, 10 February 2006, p. 14.

73 Australian Chamber of Commerce and Industry, *Submission No. 64*, p. 4.

74 South Australian Government, *Submission No. 110*, p. 7.

75 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, pp. 16-17.

remote areas do corporate partners within the Indigenous employment program employ?⁷⁶

Entrepreneurship and sustainable business

- 3.43 An effective way to increase the level of self employment for Indigenous Australian can be through their participation in small enterprises.⁷⁷ It was argued that without sustainable businesses, there can not be sustainable employment.⁷⁸
- 3.44 Indigenous entrepreneurial activity has been ongoing for thousands of years,⁷⁹ and continues in modern-day Australia, in both urban and rural areas. Nonetheless, 'within mainstream Australia there is possibly no mental construct of successful urban Indigenous entrepreneurs, and Australians have been seduced into believing that "blackfellas are all outback"'.⁸⁰
- 3.45 An entrepreneur is '... someone who breaks the status quo, can create an enterprise with very limited capital ... and can move forward into an area in society where they would not have been before.'⁸¹ Entrepreneurship is about action: it is 'the ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organization rather than just watching, analysing or describing one'.⁸²
- 3.46 On the importance of entrepreneurship and small business to Indigenous progress, Dr Foley added that:

It enables a certain part of Aboriginal Australia to move forward and be in control of what they are doing. They become a part of a wider society. They still maintain their Indigenousness. They do not lose their Aboriginality – that is for sure. They can still control it, but it is far easier to control your cultural beliefs when you have

76 Ms Jane Lawton, State Operations Manager, Northern Territory, Mission Australia, *Transcript of Evidence*, 19 August 2005, p. 63.

77 Indigenous Business Australia, *Submission No. 104*, p. 3.

78 Mr Andrew West, Manager, Karna Business and Heritage Centre, *Transcript of Evidence*, 17 February 2006, p. 80.

79 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 2.

80 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 1.

81 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 7.

82 Timmons, 1994, p. 1, cited in Judy Bennett & Wilfred Gordon, 'Social Capital and the Indigenous Entrepreneur' (2005/2006) *Australian Prospect*, Summer, p. 2.

control of your financial resources. When you do not have control of your financial resources, you do not really have control of your life.⁸³

3.47 The Centre for Aboriginal Economic Policy Research listed the factors common to successful Indigenous business as:

1. *Positivity*: a positive attitude that is the driving force in the pursuit of business success;
2. *Image*: an aim to project a positive image of their business which includes the use of a non-Indigenous accountant to indicate legitimacy (accountability) in their business counteracting negative social stereotypes against Indigenous business people;
3. *Education and Industry experience*: there is a strong relationship between education, industry knowledge-experience and business success;
4. *Networking*: a strong development of networking channels of business contacts;
5. *Family*: a common shared positive relationship between family and business, and
6. *Discrimination*: a common level of public and institutional discrimination that affects the day-to-day activity of the business.⁸⁴

3.48 Dr Foley has identified an attitude of positivity as being common amongst successful Indigenous entrepreneurs which he described as 'possibly the most outstanding personal attribute':

Positivity is this attitude that you cannot fail and that you will achieve. Those positive people are prepared to put things on the line, to make calculated judgments and to go past the status quo of the normal circle of comfort. That is so with most entrepreneurs but more so in this case because it actually bypasses some cultural influences as well. I think the most outstanding thing is that drive to succeed.⁸⁵

83 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 8.

84 Centre for Aboriginal Economic Policy Research, *Submission No. 72*, p. 2. Discrimination is not a positive factor but 'appears to be an integral part of the Indigenous experience in contemporary Australian society' and was common to successful Indigenous businesses and needed to be dealt with.

85 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, pp. 8-9.

3.49 Dr Foley added:

‘We must succeed; there is no alternative.’ The Indigenous businesspeople saw they could not fail. That was very important to them. They also felt it gave them control of their lives – they finally had choices in their life; they were no longer the employee, they were the employer.⁸⁶

Small business opportunities

3.50 Mr Warren Mundine believes that small business development needs to be encouraged in the communities to enable community members to learn about managing a business.⁸⁷ The Productivity Commission found that those who are self employed are in the ‘trade and lower skilled occupations such as plant and machinery operators and labourers’.⁸⁸ Mr Mundine would like to see more Indigenous people move into the trades and the local carpenter or maintenance person should be encouraged to become self-employed and reap the benefits from this.⁸⁹

Profit is not a bad word – it has been in Aboriginal communities for many years in regards to enterprises. We have to sell that as a good word. We have to also make the Indigenous people in those communities shareholders. I deliberately use the word ‘shareholders’ rather than being ‘members’ of some of these enterprises, because in the sense of shareholders you actually get a benefit. If that enterprise is working, you get a benefit from it; if it is not working, then you get the failings of that enterprise. This creates a cultural shift in people’s minds in that whether it does or does not work, it reflects back on themselves. We need to have that instilled in people to get things moving along.⁹⁰

3.51 Indigenous people have a competitive advantage in arts and tourism industries and the public and private sectors should be encouraged to invest in these areas.⁹¹

86 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, pp. 3-4.

87 Mr Warren Mundine, Chief Executive Officer, New South Wales Native Title Services, *Transcript of Evidence*, 10 February 2006, p. 31.

88 Productivity Commission, *Overcoming Indigenous Disadvantage: Key Indicators 2007 Indigenous Report*, 1 June 2007, Sect 11.2, p. 11.18.

89 Mr Warren Mundine, Chief Executive Officer, New South Wales Native Title Services, *Transcript of Evidence*, 10 February 2006, p. 31.

90 Mr Warren Mundine, Chief Executive Officer, New South Wales Native Title Services, *Transcript of Evidence*, 10 February 2006, p. 32.

91 Great Southern Development Commission, *Submission No. 68*, p. 2.

Tourism potential

- 3.52 Tourism is the largest employer in Australia with 5.2 million international visitors arriving in 2004.⁹² It is a \$73 billion industry employing half a million Australians.⁹³ There are already untapped opportunities for Indigenous enterprise, particularly in the tourism industry. Some 80 per cent of visitors to Australia say that they would like to participate in an Indigenous tourism experience⁹⁴ while 15 per cent currently avail themselves of an Indigenous experience while visiting.⁹⁵ Almost 50 per cent of Australians are also interested in having a more immersive Indigenous experience.⁹⁶ Cultural pursuits can also have practical market value.⁹⁷ In traditional fields such as art and tourism, Indigenous people can maintain an attachment to the traditional culture.⁹⁸ Exit surveys for international tourists have found that they would have liked to have seen more Indigenous culture.⁹⁹
- 3.53 There are people now wanting to get into the tourist industry who have never been a tourist or worked in tourism or in some cases never worked a regular job.¹⁰⁰ These people need work experience before they need to develop a business plan.¹⁰¹ Tourism is very competitive and Tjapukai Aboriginal Cultural Park is visited by less than 10 per cent of the visitors to the Cairns region.¹⁰² People working on tour desks are paid by

92 Mr Brad Parnes, Director, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, p. 67.

93 Mr Brad Parnes, Director, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, p. 67.

94 Mrs Judy Freeman, Tjapukai Aboriginal Cultural Park, *Transcript of Evidence*, 27 July 2005, p. 4.

95 Mr Philip Noonan, Department of Industry Tourism and Resources, *Transcript of Evidence*, 6 February 2006, p. 46.

96 Mr Philip Noonan, Head of Tourism Division, Department of Industry, Tourism and Resources, *Transcript of Evidence*, 6 February 2006, p. 45.

97 See Ms Lynn Bean, Acting Deputy Secretary, Arts and Sport, Department of Communications, Information Technology and the Arts, *Transcript of Evidence*, 6 February 2006, p. 32; Ms Sally Bassier, General Manager, Indigenous Arts and Training, Department of Communications, Information Technology and the Arts, *Transcript of Evidence*, 6 February 2006, p. 37; Mr Philip Noonan, Head of Tourism Division, Department of Industry, Tourism and Resources, *Transcript of Evidence*, 6 February 2006, pp. 46-47; Dr Michael Dockery, *Transcript of Evidence*, 5 December 2005, p. 13.

98 See Dr Michael Dockery, *Transcript of Evidence*, 5 December 2005, p. 13.

99 Dr Michael Dockery, *Transcript of Evidence*, 5 December 2005, p. 14.

100 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 30.

101 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 30.

102 Mrs Judy Freeman, Director of Marketing, Tjapukai Aboriginal Cultural Park, *Transcript of Evidence*, 27 July 2005, p. 4.

commission and there are 300-400 activities in the area.¹⁰³ IBA is helping to address this shortfall by participating in investments such as Kakadu, Kings Canyon, Fitzroy Crossing, Monkey Mia Dolphin Resort, Lake Mungo and Tjapukai Aboriginal Park and using these facilities to provide tourism training for Aboriginal people.¹⁰⁴

Indigenous art and craft

In some communities, particularly in regional or remote localities, art production stands as the only source of externally generated income. The income generation capacity of artists has significant flow on benefits to individuals, the artists' extended family and their community as it results in increased purchasing power, increased self esteem, the creation of positive community profiles and enhanced cultural transmission.¹⁰⁵

3.54 Mr Mikael Smith gave the example of TAFE graduates in arts and craft even though this usually does not pay well and saw:

... the biggest growth area in Aboriginal employment in small business and in people undertaking roles where they are not held back by the constraints of governments and big corporate organisations and are free to manufacture, produce and do whatever they want to. I think there can be a level of support provided by the Commonwealth and state governments and even local governments to assist in that process ... there can be opportunities in local government to facilitate some outcomes through corporate gifts, art collections and all sorts of things.¹⁰⁶

3.55 The Indigenous visual arts industry is an excellent example of successful Indigenous enterprise, with an estimated minimum value of \$100 million per annum.¹⁰⁷ There is, however, a need to protect the rights of the Indigenous artists and the integrity of the art.¹⁰⁸ The Committee notes with concern evidence suggesting that opportunities for Indigenous enterprise

103 Mrs Judy Freeman, Director of Marketing, Tjapukai Aboriginal Cultural Park, *Transcript of Evidence*, 27 July 2005, p. 4.

104 Mr Ron Morony, General Manager, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 30.

105 Minister for Communications, Information Technology and the Arts, *Submission No. 42*, p. 2.

106 Mr Mikael Smith, Coordinator, Aboriginal and Multicultural Policy and Programs, City of Port Phillip Council, *Transcript of Evidence*, 11 April 2006, p. 52.

107 Professor Jon Altman, 'Economic Development and Participation for Remote Indigenous Communities: Best Practice, Evidence Barriers and Innovative Solutions in the Hybrid Economy', Centre for Aboriginal Economic Policy Research, *Exhibit 54*, p. 3.

108 The Rainbow Serpent, *Submission No. 10*, p. 1.

in the areas of art and craft are being adversely affected by an influx of cheap, unauthentic products onto the market.¹⁰⁹ The Rainbow Serpent Pty Limited described the Aboriginal craft industry as being in crisis because of the proliferation of unauthentic products which are appearing in Aboriginal craft stores.¹¹⁰ This has resulted in the closure of a number of stores and artists are leaving the industry because their market is shrinking.¹¹¹ It is noted that the Department of Foreign Affairs and Trade is working with the Department of Communication, Information Technology and the Arts, Austrade, the Australia Council and other peak bodies in relation to this issue.¹¹²

3.56 Culture and language programs contribute to the operational funding of some community centres and this provides employment opportunities for Indigenous people in a range of roles including:

... language experts, teachers, sound recordists, archivists, interpreters, heritage and cultural officers, administrators and office staff. Through language and cultural centres, Indigenous people are afforded recognition of their cultural knowledge and gain proficiency in the use of information and communications technology, administration, teaching, governance and management. Employment in such centres provides a strong community focus for Indigenous employees, and can be instrumental in building community cohesion and self-respect.¹¹³

3.57 A study by Dr Boyd Hunter has shown that most of the Indigenous small business growth has been in enterprises that do not employ other people and therefore policies encouraging Indigenous self-employment may not have a substantial impact on overall employment outcomes.¹¹⁴ The Committee believes, however, that there are other less direct benefits in terms of the multiplier effect of income and as role models for others.

109 Ms Caroline Friend, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, pp. 70-71, 78; Sue Williams, 'Should a fake didgeridoo?', *Financial Review*, 29 July 2005, *Exhibit 115*, p. 3.

110 Ms Caroline Friend, Director, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, p. 68.

111 Ms Caroline Friend, Director, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, p. 70; Mr Brad Parnes, Director, Rainbow Serpent Pty Ltd, *Transcript of Evidence*, 19 August 2005, p. 70.

112 Ms Karen Mundine, Department of Foreign Affairs and Trade, *Transcript of Evidence*, 6 February 2006, p. 42; Ms Lynn Bean and Ms Sally Bassar, Department of Communications, Information Technology and the Arts, *Transcript of Evidence*, 6 February 2006, pp. 34-35, 37-38.

113 Minister for Communications, Information Technology and the Arts, *Submission No. 42*, p. 1.

114 Centre for Aboriginal Economic Policy Research, *Submission No. 72*, p. 3 citing Dr Boyd Hunter (2004) *Indigenous Australians in the Contemporary Labour Market* ABS cat No. 2052.0, ABS Canberra.

Successful Indigenous businesses were described as having a ‘snowball effect’, where families that have established successful businesses are starting to mentor other community members about business development and building a business knowledge base in their communities.¹¹⁵

Business development

3.58 Historically there has been a high failure rate in business development so support is now being provided.¹¹⁶ Mrs Cheryle Taylor, Manguri Employment Services, described the challenge in moving from a grant funded organisation to a business model.¹¹⁷

Indigenous people need to learn about business. Most of us want to do it. Most of us have the will and the desire to do it. But we have never operated out of a business model. As much as we want to do it, failure becomes almost inevitable if you really do not know that well what you are going into. Education around that sort of thing is really important. That whole thing about pushing enterprise is critical.¹¹⁸

3.59 The Queensland Government suggested the development of alliances and partnerships with industry and the banking and financial sectors to support Indigenous small business development.¹¹⁹ Entrepreneurial support was seen by the South Australian Government as one of the areas where it is difficult to ‘get a coalition effort’ and there is a need to bring together state and federal support and assistance efforts.¹²⁰ In New South Wales enterprise development is:

115 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 30.

116 Mr Ron Morony, General Manager, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 24.

117 Mrs Cheryle Taylor, Chief Executive Officer, Manguri Employment Services, *Transcript of Evidence*, 28 October 2005, p. 1.

118 Mrs Cheryle Taylor, Chief Executive Officer, Manguri Employment Services, *Transcript of Evidence*, 28 October 2005, p. 11; see also pp. 1-2.

119 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, p. 17.

120 Mr Lou Hutchinson, Director, Employment Programs, Department of Further Education, Employment, Science and Technology, South Australia, *Transcript of Evidence*, 17 February 2006, pp. 9-10.

... a key priority for Aboriginal people and New South Wales is taking a holistic partnership based approach with all three tiers of government, the private sector and Aboriginal organisations.¹²¹

- 3.60 Sound ideas with good governance lead to success in business investment.¹²² The Indigenous Business Development Programme aims to provide Indigenous people with market intelligence, skill development and alternative funding products to increase their independence from governments and to 'improve their capacity to make life choices'.¹²³
- 3.61 The Victorian Government complements the Commonwealth funding for Indigenous Business Development through the Koori Business Network (KBN) and provides business training, networking and support services and assistance in finding new markets.¹²⁴ A strategy links key Victorian Government economic development agencies with Indigenous entrepreneurs and business owners 'to ensure that they are provided with comprehensive business support services which allows for growth and sustainability of Indigenous participation'.¹²⁵ Additional funding has been provided to enable the KBN to focus on business opportunities relating to Indigenous land ownership, ecotourism and cultural activities.¹²⁶ During the Commonwealth Games in Melbourne, KBN had almost 200 Indigenous business people go through their doors.¹²⁷
- 3.62 Rio Tinto Ltd referred to the Corporate Leaders Program and questioned whether small businesses should not get the same level of support to engage an Aboriginal person for the first time.¹²⁸ The Committee believes that small business also has an important role to play in improving indigenous employment outcomes in the future.

Recommendation 4

- 3.63 **The Committee recommends that the Federal Government ensure that small businesses employing Indigenous people receive comparable support to that received by the large business sector.**

121 Ms Jody Broun, Director General, Department of Aboriginal Affairs, New South Wales, *Transcript of Evidence*, 19 August 2005, p. 85.

122 Mr Wayne Gibbons, Associate Secretary, Office of Indigenous Policy Coordination, *Transcript of Evidence*, 30 May 2005, p. 3.

123 Indigenous Business Australia, *Submission No. 104*, p. 18.

124 Victorian Government, *Submission No. 94*, pp. 7-8.

125 Victorian Government, *Submission No. 94*, p. 8.

126 Victorian Government, *Submission No. 94*, p. 8.

127 Dr Dennis Foley, *Transcript of Evidence*, 16 October 2006, p. 2.

128 Mr Bruce Harvey, Chief Advisor, Rio Tinto Ltd, *Transcript of Evidence*, 11 April 2006, p. 38.

Business mentoring

3.64 This 'fire in the belly', or entrepreneurial spirit, can be developed and enhanced by a mentor, who provides advice and support to the entrepreneur in a culturally appropriate way.¹²⁹ Mr Willie Gordon described the role played by his friend Judy Bennett in the development of his business:

... Judy focussed on me. She believed in me, and encouraged my ideas. She gave me direction, showing me how to move forward to achieve my goals, and she got involved, actually doing the job with me step by step. And she gave me an energy. If you want sustainability you need energy from somewhere and somebody. In business you need to be inspired.

But Judy didn't solve my problems for me. This is really important, as I am the only one that can decide what I should or will do. Instead, she gave me options and information, and acted as a sounding-board whilst I worked out the best solution for me. This empowered me to make my own decisions based on our cultural values.¹³⁰

3.65 The assistance of a mentor is an excellent means of delivering training in business and management skills on a one-to-one basis. Business mentoring is already provided as an aspect of a number of government programs.¹³¹ First Australians Business is a national one-to-one mentoring program for Indigenous business people, with mentors providing advice on business ideas and goals, funding submissions, marketing, developing a business plan, budgeting, time management, networking and product knowledge.¹³²

3.66 The Business Ready Program, through the Department of Industry, Tourism and Resources, involves the appointment of 10 successful

129 Nyirrangu Muay Wurrnga'ada Association, *Submission No. 48*, p. 12; Ms Joanne Lane, Consultant, Alice Springs Town Council, *Transcript of Evidence*, 13 July 2005, p. 22.

130 Judy Bennett & Wilfred Gordon, 'Social Capital and the Indigenous Entrepreneur' (2005/2006) *Australian Prospect*, Summer, p. 8.

131 Indigenous Business Australia, *Submission No. 104*, p. 18; Department of Employment and Workplace Relations, *Submission No. 108*, p. 21; New South Wales Government, *Submission No. 111*, p. 19.

132 First Australians Business, <www.firstaustralians.org.au/mentor_front.htm> (viewed 24 February 2006).

business people who each mentor 10 Indigenous businesses.¹³³ The Emerging Indigenous Entrepreneurs Strategy is to link private sector mentors to community members wanting to start a business. It is also hoped that Indigenous Tourism Australia will play an important role in connecting the demand for Indigenous tourism experiences to a sustainable supply within communities.¹³⁴

The nature of the business

- 3.67 Like any business, an Indigenous enterprise must have certain qualities in order to succeed: it must have good product, excellent staff, and have a sound economic basis. *Narana Creations* described a number of factors as contributing to the success of its enterprise, including creative planning, excellent staff, unique cultural products, and professional attention to customer service and detail.¹³⁵ A number of witnesses pointed to the importance of supporting only those Indigenous business ventures that are economically viable.¹³⁶
- 3.68 The Arnhemland Progress Association is a financially independent Indigenous organisation that derives its income from the successful operation of 13 community retail stores. All staff, with the exception of the management team, are Indigenous. The organisation credits its success to a number of factors, including:
- The Chair and Board of Directors are Indigenous people from member communities, so members of the community see the organisation as being run by their own people;
 - Store management are specifically employed to work with and train Aboriginal staff, and must be committed to that goal; and
 - The organisation is culturally sensitive and understands the importance of family and cultural obligations.¹³⁷
- 3.69 The presence of Indigenous staff is integral to the success of Indigenous enterprises, particularly where a significant percentage of the business's

133 Mr Philip Noonan, Head of Tourism Division, Department of Industry, Tourism and Resources, *Transcript of Evidence*, 6 February 2006, pp. 45, 48.

134 Mr Philip Noonan, Head of Tourism, Department of Industry, Tourism and Resources, *Transcript of Evidence*, 6 February 2006, p. 49.

135 *Narana Creations*, *Submission No. 114*, p. 3.

136 Indigenous Business Australia, *Submission No. 104*, p. 11; Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 31; Mr Tom Phillips, *Transcript of Evidence*, 28 July 2005, p. 65.

137 The Arnhemland Progress Association, *Submission No. 24*, p. 1.

clients are Indigenous. The Tangentyere Job Shop stated that having primarily Indigenous staff produced strengths including cultural understanding and communication skills, the ability to work with people who have been through hard times, local knowledge and limited turnover.¹³⁸

- 3.70 In the Cape York context, strong Indigenous institutions taking responsibility for sorting out political, cultural and legal issues were seen as a key strength. As Mr Michael Winer of Indigenous Enterprise Partnerships said, 'It is the Aboriginal people who know whether a particular tourism site is on a person's land or someone else's land and what permission processes are needed. It is about putting our confidence and support behind the leadership'.¹³⁹

Access to capital

- 3.71 A recurring theme that emerged from evidence presented to the Committee was the need for access to capital in order for Indigenous businesses to succeed. There is a lack of trust between financial organisations and Indigenous people and communities and the lack of capital is an issue for Indigenous people wishing to establish a business.¹⁴⁰ This can be an insurmountable hurdle for many.
- 3.72 It is almost impossible for Indigenous people to gain finance and some resort to using credit cards as their initial capital.¹⁴¹ You need to have 'bricks and mortar' to get finance.¹⁴² A relatively low level of home ownership among Indigenous Australians is a significant impediment to providing equity for business finance.¹⁴³
- 3.73 Problems faced by Indigenous women in accessing finance have been particularly acute. Lack of access to adequate funding appears to be a significant factor that affects the ability of Indigenous women in rural areas to operate businesses.¹⁴⁴

138 Tangentyere Council, *Submission No. 69*, p. 7.

139 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 32.

140 Mr Joseph Elu, Co-Chair, Indigenous Community Volunteers, *Transcript of Evidence*, 4 December 2006, p. 8.

141 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, pp. 11-12.

142 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 12.

143 Indigenous Business Australia, *Submission No. 104*, p. 6; Ms Eileen Deemal-Hall, *Transcript of Evidence*, 28 July 2005, p. 44.

144 Ms Siobhan McDonnell, *The Grameen Bank micro-credit model: lessons for Australian indigenous economic policy*, CAEPR, No. 178/1999, Exhibit 37, pp. 4-5.

3.74 Successful Indigenous businesses have generally had to find innovative ways to overcome a lack of access to capital.¹⁴⁵ Some enterprises have been able to source financial support from alternative sources. For example, the Tangentyere Job Shop, a not-for-profit enterprise that operates a Job Network service, receives financial support from Tangentyere Council.¹⁴⁶ Other Aboriginal businesses have sourced funding from mining royalties and the sale of property.¹⁴⁷

3.75 The Northern Land Council explained that the lack of capital made enterprise development very difficult:

It means we must either rely on others to generate the demand for our labour or use our position as land owners to leverage that demand, and that is essentially what we do.¹⁴⁸

3.76 Access to land is also an important criterion for success in some Indigenous enterprises. The Nyirragu Muay Wurrga'ada Association pointed to the need for autonomous family ownership and control of land as a base for building enterprise opportunities to allow families to break away from welfare dependency.¹⁴⁹ Ms Eileen Deemal-Hall also stressed the importance of having a mortgageable asset before approaching banks for finance to enable an enterprise to be established.¹⁵⁰ Mr Warren Mundine believes that:

A more radical approach is needed whereby we move away from communal land ownership and non-profit community based businesses and take up home ownership, economic land development and private, profit making businesses.¹⁵¹

145 Mr Dennis Bree, Chairman, Northern Territory Government Task Force on Indigenous Economic Development, *Transcript of Evidence*, 11 July 2005, p. 16; Ms Joy Wii, Community Planning and Development Officer, Cairns City Council, *Transcript of Evidence*, 28 July 2005, p. 16.

146 Tangentyere Council, *Submission No. 69*, p. 7.

147 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 39.

148 Mr John Berto, Deputy Chief Executive Officer, Northern Land Council, *Transcript of Evidence*, 11 July 2005, p. 36.

149 Nyirragu Muay Wurrga'ada Association, *Submission No. 48*, p. 11.

150 Ms Eileen Deemal-Hall, *Transcript of Evidence*, 28 July 2005, p. 44.

151 Mr Warren Mundine, 'Australia's Aboriginal debate: Improving the lives of Australia's Aboriginals is an important challenge, with no easy answers', *BBC News*, www.news.bbc.co.uk/1/hi/world/asia-pacific/4270669.stm (accessed 7 May 2007), quote from 6 December 2006, p. 1.

- 3.77 The Indigenous Land Corporation (ILC) provides land management and land acquisition programs for Indigenous people. The ILC assists applicants to develop viable and sustainable businesses.¹⁵²
- 3.78 The Bawinanga Aboriginal Corporation (BAC) gave evidence that much more could be done with regard to development of commercial enterprises if business funding was tailored to meet the unique scenarios encountered in Indigenous communities. The BAC called for funding bodies to accept greater risk in relation to Indigenous businesses, and to relax requirements for security on loans.¹⁵³ The Queensland Indigenous Local Governments Association also called for business development funding in Indigenous and remote areas.¹⁵⁴

Microcredit

- 3.79 Financial assistance from traditional lending sources or the government was not available to most of the successful Indigenous businesses studied by Dr Dennis Foley.¹⁵⁵ Micro-credit can be a means of obtaining small loans, which increase in size as earlier loans are repaid.¹⁵⁶ The Grameen Bank model used in developing countries defines micro-credit as 'the extension of small loans to entrepreneurs too poor to qualify for commercial lending'.¹⁵⁷ Microcredit enables people to engage in self-employment projects that generate income. There is a need in Australia for microfinance as start up and working capital for Indigenous enterprises.¹⁵⁸
- 3.80 Mr Michael Winer from Indigenous Enterprise Partnerships, sees the availability of microcredit as very beneficial.¹⁵⁹ Mr Winer added, however, that success will be when Indigenous people can go through the normal channels because they have such a good business case.¹⁶⁰

152 See Indigenous Land Corporation, *Submission No. 63*.

153 Bawinanga Aboriginal Corporation, *Submission No. 20*, p. 2.

154 Queensland Indigenous Local Governments Association, *Submission No. 81*, p. 3.

155 Centre for Aboriginal Economic Policy Research, *Submission No. 72*, p. 1.

156 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 39, Dr Dennis Foley, *Understanding Indigenous Entrepreneurship: a Case Study Analysis*, PhD Thesis, p. 276.

157 Ms Siobhan McDonnell, *The Grameen Bank micro-credit model: lessons for Australian indigenous economic policy*, CAEPR, No. 178/1999, *Exhibit 37*, p. 1.

158 Centre for Aboriginal Economic Policy Research, *Submission No. 72*, p. 3.

159 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 39.

160 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 39.

- 3.81 Indigenous Business Australia (IBA) provides microfinance with starting amounts about \$2500:
- Unlike a business development or lending product, where it is all based on a commercially viable assessment, microfinance is about holding people's hands and working through all the issues with them and getting to a point of trust before you lend them money. The loans are very small, but they can gradually increase from thereon. Hopefully they can move into mainstream finance over a period of time.¹⁶¹
- 3.82 The First Australians for Business program has had some success but is not available in all regions and local mentors and training are needed for ongoing success.¹⁶² Rio Tinto has other strategies including direct job placement, joint venture operations and internal business incubators.¹⁶³
- 3.83 The South Australian Young Indigenous Entrepreneur Program has a range of activities and a focus on potential micro-financing projects that will enable Indigenous people to manage their own businesses.¹⁶⁴ The South Australian Government is also considering in the apprenticeship program, a fifth and sixth year to cover setting up their own business and becoming a subcontractor.¹⁶⁵
- 3.84 IBA and the Department of Employment and Workplace Relations have a number of initiatives for helping to provide Indigenous entrepreneurs with access to start-up capital as well as market intelligence, skill development services (mentoring and marketing advice) and alternative funding products.¹⁶⁶ Although these programs appear to have had some success, there is a need to make these programs more accessible, and for government to seek out Indigenous entrepreneurs who may benefit from small business loans or the provision of micro-finance. The Committee

161 Mr Ivan Parrett, Assistant General Manager, Business Finance, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, pp. 27, 29.

162 Rio Tinto Ltd, *Submission No. 80*, p. 19.

163 Rio Tinto Ltd, *Submission No. 80*, p. 19.

164 Dr James Fowler, Deputy Chief Executive, Department of Further Education, Employment, Science and Technology, South Australia, *Transcript of Evidence*, 17 February 2006, p. 7.

165 Mr David Rathman, Executive Director, Aboriginal Education, Employment Strategies Unit, Department of Further Education, Employment, Science and Technology, South Australia, *Transcript of Evidence*, 17 February 2006, p. 8.

166 Indigenous Business Australia, *Submission No. 104*, p. 18.; Mr Bob Harvey, Group Manager, Indigenous Employment and Business Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 8 August 2005, p. 4; Department of Employment and Workplace Relations, *Submission No. 108*, p. 21.

believes that IBA and DEWR should be encouraged to further seek out appropriate recipients of small business assistance and micro-finance.

Recommendation 5

3.85 The Committee recommends that the relevant government departments that administer programs providing micro-finance and small business assistance to Indigenous people, actively promote such programs and facilitate better access to that support.

Education and business skills

3.86 Dr Foley's findings include:

- when in business one must adapt to the mainstream business culture;
- there is a correlation between success and formal or technical education;
- networking skills are essential for success and this is linked to the connections made during the education process;
- the reinvestment of funds into the business for growth capital and human capital;
- co-cultural theory and ethnic theory may be relevant to population concentrations/geographic focus; and
- non-indigenous spouses may facilitate access to external capital, business finance, family capital, business human capital, higher education and business experience.¹⁶⁷

3.87 Indigenous people have their own ideas, motivation and passion, but they often need to be provided with the right information to bring their ideas to fruition.¹⁶⁸

In addition, cultural values and communal decision-making do not necessarily fit with commercial decision-making and

167 Dr Dennis Foley, *Indigenous Australian Entrepreneurs: Successful and Invisible*, Opening statement to the House of Representative Standing Committee on Aboriginal and Torres Strait Islander Affairs, 23 May 2005, *Exhibit 42*, p. 5.

168 'Our Place, Basket making at Jabiru Mahbilil Festival', Volume 4 Edition 2, Theme: General Principles to do with Indigenous Business in remote regions, *Exhibit 62*.

management responsibilities necessary to support and sustain successful small business development.¹⁶⁹

- 3.88 Education is particularly important in providing entrepreneurs with business and people skills.¹⁷⁰ A study conducted by Dr Dennis Foley found that of the people involved in 50 successful Indigenous businesses, approximately 52 per cent had tertiary qualifications, 20 per cent had trade qualifications and 88 per cent had Year 12 qualifications.¹⁷¹ The need to improve educational opportunities and achievements for Indigenous people is dealt with more fully in Chapter 6. Dr Foley made the point in relation to education that:

This may not provide direct skills for business success however it would appear that it does provide exposure to life skills for business success and the skills necessary for the analysis or opportunity recognition.¹⁷²

- 3.89 In the case of Indigenous entrepreneurs, Dr Foley added that it is exciting that the second generation is receiving an education.¹⁷³ For children to receive an education, it is a case of educating the Indigenous parents and there must be an acceptance that they also have a responsibility.¹⁷⁴
- 3.90 The advice of good consultants and effective creative partnerships were seen to be instrumental in the development of a successful enterprise.¹⁷⁵ Some of the people who gave evidence pointed to the need for training in financial planning and management,¹⁷⁶ as well as advice on marketing, training, monitoring and facilitation of access to other public and private sector services.¹⁷⁷ The Tangentyere Job Shop partly attributed its success to

169 Queensland Government, *Submission No. 105*, p. 5.

170 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 4; Mrs Cheryle Taylor, Manguri Employment Services, *Transcript of Evidence*, 28 October 2005, p. 11.

171 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 10.

172 Dr Dennis Foley, *Indigenous Australian Entrepreneurs: Successful and Invisible*, Opening statement to the House of Representative Standing Committee on Aboriginal and Torres Strait Islander Affairs, 23 May 2005, p. 5, *Exhibit 42*.

173 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 6.

174 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 10.

175 Narana Creations, *Submission No. 114*, p. 1.

176 Tangentyere Council, *Submission No. 69*, p. 7, Mr Dennis Bree, Chairman, Northern Territory Government Task Force on Indigenous Economic Development, *Transcript of Evidence*, 11 July 2005, p. 11; Mr Patrick Low, Chief Executive Officer, Cairns Regional Community Development and Employment Aboriginal and Torres Strait Islander Corporation, *Transcript of Evidence*, 28 July 2005, p. 4.

177 Qld Indigenous Local Government Association, *Submission No. 81*, p. 3.

excellent business advice received from accounting firm Deloitte in the dynamics of running a successful business.¹⁷⁸

- 3.91 A lack of knowledge and business skills can be disempowering for Aboriginal communities. This is the case when it comes to reporting or addressing situations of corruption or inappropriate management, maintaining control of community corporations, or having a basic level of knowledge to know the difference between good and bad advice.¹⁷⁹
- 3.92 The Committee was informed of a range of government programs available for the purposes of providing business advice and passing on business skills. For example, in New South Wales, these include the Aboriginal Business Review, the Aboriginal Business Growth Program, Aboriginal Business Link Program, and the Budyari Ngalaya First People's Business Partnerships Program, supporting partnerships between Australian businesses and Aboriginal people.¹⁸⁰ In Victoria, the Koori Business Network promotes Indigenous entrepreneurs through the provision of services aimed at business training, assistance in finding new markets and business networking and business support services.¹⁸¹ Measures for improving business opportunities for Indigenous people in the ACT are set out in the *Economic White Paper for the Australian Capital Territory*.¹⁸²
- 3.93 The Committee is aware that there is still a lack of access to effective business training and mentoring programs, and long-term management and directorial education programs, available for many Indigenous people.¹⁸³ There is also evidence of a lack of whole-of-government coordination in the delivery of services to potential Indigenous entrepreneurs.¹⁸⁴

178 Tangentyere Council, *Submission No. 69*, p. 7.

179 Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, pp. 32-33, 56.

180 New South Wales Government, *Submission No. 111*, p. 19; Ms Jody Broun, Department of Aboriginal Affairs NSW, *Transcript of Evidence*, 19 August 2005, p. 85.

181 Victorian Government, *Submission No. 94*, pp. 7-8.

182 ACT Government, *Submission No. 60*, pp. 3-4.

183 For example, see Rio Tinto Ltd, *Submission No. 80*, p. 19; Ms Joanne Lane, Consultant, Alice Springs Town Council, *Transcript of Evidence*, 13 July 2005, p. 22; Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, p. 34.

184 Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, p. 51.

3.94 There is also a need for advice and education in respect of non-Indigenous business practices. Because a majority of customers, creditors and debtors of a business will usually be non-Indigenous, it was suggested that successful Indigenous business people must align themselves with the dominant culture.¹⁸⁵ An example of this was provided by Mrs Judy Freeman, Director of Marketing at Tjapukai Aboriginal Cultural Centre:

The minute that you allow the funerals and the community obligations to close down the business – even for a moment – that business is finished because it would be running along community policy and directives, not commercial policy.¹⁸⁶

3.95 The Committee is also cognisant of the findings of research into Indigenous business undertaken by the National Centre for Vocational Education Research on behalf of the Australian Government, and state and territory governments. The key findings were:

- support for learning in Indigenous business must be sensitive to location;
- learning is most effective when tied to earning and conducted *through* commercial Indigenous business; and
- businesses operated primarily for social and community benefits are not ideal training grounds for Indigenous entrepreneurs.¹⁸⁷

3.96 Small business programs developed in non-Indigenous contexts may not be appropriate in an Indigenous community context. There may be a number of challenges facing Indigenous Australians attempting to establish economic development opportunities in regional areas.¹⁸⁸ Management and decision-making structures must be appropriate to Indigenous business ventures:

... the development and delivery of economic and Indigenous business development initiatives that recognise commercial factors, but also reflect Indigenous economic, social, cultural and legal realities remain a priority for IBA.¹⁸⁹

185 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 4.

186 Mrs Judy Freeman, Director, Marketing, Tjapukai Aboriginal Cultural Centre, *Transcript of Evidence*, 27 July 2005, p. 16.

187 Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, p. 6.

188 Indigenous Business Australia, *Submission No. 104*, p. 5.

189 Indigenous Business Australia, *Submission No. 104*, p. 5.

- 3.97 There is a need for education and training that is delivered face-to-face, is hands-on, culturally appropriate, and is delivered by trainers who are either Indigenous or experienced with Indigenous learners.¹⁹⁰
- 3.98 Dr Dennis Foley's research identified a need for Indigenous business incubators with links to established mainstream businesses and Indigenous business operators, and associated with vocational and other educational centres. This could be achieved by examining and adapting established business incubator programs in mainstream Australia.¹⁹¹
- 3.99 The Committee believes that there is a need for an effective whole-of-government approach to the delivery of education and skills in relation to Indigenous enterprise. The Committee believes that the federal government should consider how Indigenous Coordination Centres can better play a role in the delivery of services to Indigenous entrepreneurs, based on existing research regarding the needs of Indigenous people in this area. The Committee acknowledges that the role of the business mentors may be instrumental in providing enhanced services in this area.

Family or kinships

- 3.100 One of the issues successful Indigenous entrepreneurs dealt with was the attempts by extended families to obtain money or produce.¹⁹²

... if as an Aboriginal entrepreneur you fail to distinguish between the business and your family obligations, there is a 100 per cent failure rate. If you can disassociate it, you have as good a chance as anybody else of surviving as a business and contributing to the community.¹⁹³

- 3.101 This capital is necessary for reinvestment in the business.¹⁹⁴ Dr Dennis Foley stated:

One of the problems you have when you are Indigenous and in business – such as retail – is that all of a sudden you have relatives

190 Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, pp. 61-64, 73.

191 Dr Dennis Foley, *Understanding Indigenous Entrepreneurship: a Case Study Analysis*, PhD Thesis, p. 283.

192 For example see Ms Kate Flamsteed and Mr Barry Golding, *Learning through Indigenous business: the role of vocational education and training in Indigenous enterprise and community development*, Australian Government, Canberra, 2005, pp. 39-40.

193 Ms Stephanie Walker, Native Title Officer, South Australian Chamber of Mines and Energy, *Transcript of Evidence*, 17 February 2006, p. 30.

194 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 5.

coming out of the woodwork. Successful entrepreneurs knew how to say no, because the money had to go back into stock, and they quickly educated people about this.¹⁹⁵

- 3.102 Dr Foley listed the major motivators as a hatred of poverty; a strong desire to provide for children; a positivity to succeed; providing choices in the participants lives; and that it is seen as a form of self determination and participants have more control of their lives.¹⁹⁶ Dr Foley found that a dominant motivator was to provide for the nuclear family and for the wider family, however, successful entrepreneurs 'knew when and how to say no to wider family or other Indigenous people'.¹⁹⁷ Family obligations can therefore be treated as a motivator rather than an impediment.
- 3.103 This was an issue also confronted by Willie Gordon, and resolved by him developing a solution that was compatible with his values, from options provided to him by his mentor.¹⁹⁸
- 3.104 Once an appropriate solution to managing family and kinship obligations has been reached, a successful Indigenous enterprise has the potential not only to achieve economic independence for the entrepreneur herself or himself, but also to create flow-on effects in terms of the welfare and employment prospects of other family and community members.¹⁹⁹
- 3.105 Indigenous Business Australia's commercial programs focus more on families and individuals while other government programs tend to focus on communities or larger organisations.²⁰⁰ Mr Ron Weatherall commented on the different models of Indigenous enterprise development and the identification of best practice in clan or family group approaches.²⁰¹

195 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, p. 4.

196 Dr Dennis Foley, *Indigenous Australian Entrepreneurs: Successful and Invisible*, Opening statement to the House of Representative Standing Committee on Aboriginal and Torres Strait Islander Affairs, 23 May 2005, *Exhibit 42*, p. 4.

197 Dr Dennis Foley, *Indigenous Australian Entrepreneurs: Successful and Invisible*, Opening statement to the House of Representative Standing Committee on Aboriginal and Torres Strait Islander Affairs, 23 May 2005, *Exhibit 42*, p. 5; Dr Dennis Foley, *Understanding Indigenous Entrepreneurship: a Case Study Analysis*, PhD Thesis, p. 268.

198 Judy Bennett & Wilfred Gordon, 'Social Capital and the Indigenous Entrepreneur' (2005/2006) *Australian Prospect*, Summer, p. 9.

199 Dr Dennis Foley, *Understanding Indigenous Entrepreneurship: a Case Study Analysis*, PhD Thesis, pp. 253-257.

200 Mr Ron Morony, General Manager, Indigenous Business Australia, *Transcript of Evidence*, 8 August 2005, p. 24.

201 Mr Ron Weatherall, Executive Director, Employment and Indigenous Initiatives, Queensland Department of Employment and Training, *Transcript of Evidence*, 29 July 2005, p. 10.

Greater and greater individualism is evident also as communities urbanise. Therefore, there should be less emphasis on community based businesses and more emphasis on businesses run by individuals, in which wider family members will often be the only employees.²⁰²

3.106 Mr Michael Winer commented that:

The businesses that were constructed in the communities were generally council run. They were generally managed by non-Indigenous people and they generally operated on a communist social model of enterprise, so you have to deconstruct that. That is really tough. You have to back the solo little individuals in the community who then become the catalysts for further business development. We are seeing in some of these early communities a few businesses that have been going for two or three years. A range of other family members are saying, 'We want to talk about business; we want to look at business.'²⁰³

Discrimination

3.107 The Committee was informed that discrimination from both customers and suppliers is commonplace in affecting Indigenous entrepreneurs.²⁰⁴ Dr Foley described entrepreneurship as '... an essential step in the eradication of ignorance that breeds contempt and perpetuates racial stereotyping'.²⁰⁵

Entrepreneurship is actually seen as a way of circumventing discrimination. If you cannot get past discrimination in your entrepreneurship then you are fairly stuffed. It is my opinion that discrimination is particularly difficult to address in legislation, so I am not really advocating that. It requires fundamental change to the behaviour of the people doing the discriminating.²⁰⁶

202 Mr Andrew West, Manager, Kurna Business and Heritage Centre, *Transcript of Evidence*, 17 February 2006, p. 81.

203 Mr Michael Winer, Chief Executive Officer, Indigenous Enterprise Partnerships, *Transcript of Evidence*, 28 July 2005, p. 30.

204 Dr Dennis Foley, *Transcript of Evidence*, 23 May 2005, pp. 5-6; Centre for Aboriginal Economic Policy Research, *Submission No. 72*, p. 2.

205 Dr Dennis Foley, *Understanding Indigenous Entrepreneurship: a Case Study Analysis*, PhD Thesis, pp. 283.

206 Dr Boyd Hunter, Fellow, Centre for Aboriginal Economic Policy Research, Australian National University, *Transcript of Evidence*, 13 February 2006, p. 14.

Concluding comments

3.108 The Committee was impressed with the extent and range of Indigenous businesses now succeeding. The Committee believes that this will encourage others to follow this path.

3.109 Mrs Cathy Duncan commented that:

It is not about opulence and wealth, because a lot of Indigenous people are not materialistic. They are not looking for that. I think they are just looking to be treated as equal within their community and be called a citizen. I think that is what AES tries to achieve, so that we become quality citizens and take away the black and white altogether.²⁰⁷

3.110 There have recently been good practice examples and research that will provide governments with the opportunity to learn from these successes and to stream-line whole-of-government assistance in a more efficient and effective manner. Partnerships between various levels of government, existing businesses and Indigenous entrepreneurs have provided many successful examples to inform future government policies and funding allocations.

207 Mrs Cathy Duncan, *Aboriginal Employment Strategy, Transcript of Evidence, 7 November 2003, Inquiry into Capacity Building in Indigenous communities*, House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, p. 1388.