



Jon Stanhope MLA

CHIEF MINISTER

TREASURER

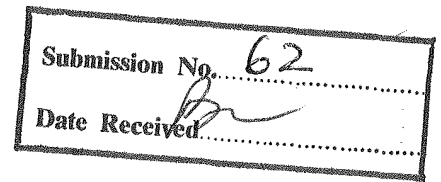
MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT

MINISTER FOR INDIGENOUS AFFAIRS

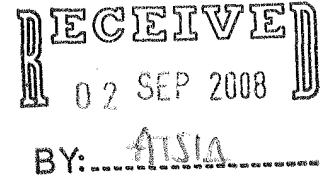
MINISTER FOR THE ENVIRONMENT, WATER AND CLIMATE CHANGE

MINISTER FOR THE ARTS

MEMBER FOR GINNINDERRA



Mr Richard Marles MP
Chairman
Standing Committee on Aboriginal and Torres Strait Islander Affairs
Parliament House
PO Box 6021
CANBERRA ACT 2600



Dear Mr Marles

Thank you for your letter of 25 June 2008 regarding the Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into developing Indigenous enterprises.

I welcome the opportunity to provide input into ways in which all levels of government and non-government agencies can assist Indigenous people develop business enterprises.

I believe it is important for Indigenous people to participate in commercial activities and to share in the wealth of the country. To achieve a higher rate of participation by Indigenous people in the commercial sector, it is important for the established business community in Australia to provide support and encouragement to Indigenous people to develop their skills and knowledge in this area.

A successful small business has the potential to provide Indigenous people with economic independence which in turn has a flow-on positive affect on other aspects of their lives.

However, when considering the development of Aboriginal and Torres Strait Islander enterprises in the ACT, it is important to consider the unique economic situation of the ACT. This is highlighted in *The Economic White Paper for the Australian Capital Territory*, which shows that the structure of the ACT economy is markedly different to that of the broader national economy. Key elements of the ACT's unique economy are:

- the ACT's role as the **national capital** and home of the Australian Government, and related to this, the dependence on Australian Government activity as a source of demand;
- a **large public sector** – accounting for one third of Gross State Product (GSP) and around one quarter of total employment – and relative to this, negligible activity in industries such as agriculture, mining and manufacturing;

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- an **occupational structure** that is heavily weighted towards white collar jobs at the more highly skilled end of the occupational spectrum;
- a private sector dominated by **small business**; and
- a **narrow government revenue base**, heavily dependent on transfer payments from the Commonwealth and housing-based revenues as the principal source of own-source revenue.

The ACT economy is heavily reliant on Government activity as a source of demand. Dependence on a single primary source of demand carries risk. The ACT Government recognises that economic diversification is critical to success. The ACT has a diversifying economy, which is characterised by high labour force participation, low unemployment and a growing export focus in key industries such as: education, information technology, tourism, defence and biotechnology.

Small business plays a vital role in the ACT. There are now approximately 20,000 small businesses in the ACT. In total, these small businesses account for some 96% of all private sector businesses in the ACT. Employment in these businesses represents over half (53%) of all private sector employment. This equates to a higher proportion than in any other State or the Northern Territory. Around 17,000 of small businesses in the ACT are micro businesses with fewer than five employees, while around 3,000 employ between 5 and 19 people.

According to the 2006 Census, the total population of the ACT was 324, 035 persons. Of this total, 3,875 persons identified as being Aboriginal or Torres Strait Islander persons. The median age of the ACT Indigenous community is approximately 21 years, in comparison to the non-Indigenous median age of 34 years.

The 2006 Census indicated that the most common industries of employment for Indigenous people in the ACT are:

- Public administration and safety (242 persons)
- Construction (95 persons)
- Retail trade (54 persons)
- Health care and social assistance (48 persons)
- Accommodation and food services (47 persons)
- Professional, scientific and technical services (35 persons);
- Education and training (33 persons);
- Transport, postal and warehousing (28 persons); and
- Information media and telecommunications (21 persons).

The unemployment rate of persons aged 15 years or older within the ACT Indigenous community is 11.2%. This is markedly higher than the non-Indigenous unemployment rate of 3.3% of persons aged 15 years or older in the ACT.

In order to address the high levels of unemployment in the ACT Indigenous community, the ACT Government has implemented an Indigenous Traineeship Program providing an opportunity for Indigenous young people to gain fulltime permanent employment in the ACT Public Service. Consideration will be given in the future to extending the program to the private sector.

The ACT Government strongly believes that the development of Indigenous businesses and self-employment opportunities provide key avenues to address the comparatively high levels of Indigenous unemployment. Making available these options will also provide Indigenous people with better opportunities to achieve greater economic independence.

The ACT Government believes tailoring and coordination of business support and business information services to the Indigenous community is a necessary step to achieving better outcomes. For example, there appears to be a lack of 'fit' in the way government business services and advice is formulated and provided to the Indigenous community. The ACT Government understands that Indigenous people do not always access information in the same way as non-Indigenous people. Nevertheless, there is no shortage of ideas and opportunities coming from the ACT Indigenous community for economic opportunities. These ideas could come to fruition with the right advice delivered at the right time, and through more culturally relevant channels and media.

The ACT Government recently established the first Indigenous representative body since the abolition of the Australian Government funded Aboriginal and Torres Strait Islander Commission. The Aboriginal and Torres Strait Islander Elected Body was created to advocate on behalf of the Indigenous community and provide advice to government on issues of concern. The Elected Body could play a role in promoting opportunities for Indigenous participation in small business enterprises in the ACT.

In specifically addressing the Terms of Reference of your Committee's Inquiry, I offer the following:

1. Are current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises effective, particularly in building sustainable relationships with the broader business sector?

The ACT currently has no programs focussed on Indigenous business. However, efforts are being made to ensure that existing business assistance programs are made available to the Indigenous community of the ACT.

The ACT Government will continue to promote and support Indigenous business enterprises through a range of existing mainstream government programs.

2. Identifying areas of Indigenous commercial advantage and strength.

Other jurisdictions have access to large industries, such as mining and agriculture, to support a range of small business opportunities for Aboriginal and Torres Strait Islander people. However, in the ACT these industries are non-existent. This environment restricts the ability of Aboriginal and Torres Strait Islander people to develop viable and sustainable businesses in the ACT.

I am aware that Indigenous tourism in Australia is one of the key factors that underpin Australia's global marketing activities. The overseas market, particularly the USA, Europe and Japan make up a large proportion of tourists seeking an Indigenous experience when travelling to Australia.

Indigenous tourism is still considered a niche market by the ACT Government; however support is provided and maintained through attendance at national and local Indigenous tourism forums.

However, I would like to highlight the success of a fledging arts and crafts industry, which has been initiated and cultivated through the Aboriginal and Torres Strait Islander Cultural Centre in the ACT. This small scale industry venture has provided the opportunity and encouraged Indigenous artists from the ACT to sell artworks to Australian Government departments based in Canberra. The demand for these products suggests there is capacity to further develop and expand this into a far larger venture for local Indigenous artists.

Importantly, this venture also encourages Indigenous persons to pursue traditional artistic pursuits keeping Indigenous cultures and traditions in practice.

The Namadgi National Park in the ACT provides a range of recreational activities for visitors to the ACT. It has a rich heritage of human history and contains evidence that Aboriginal people were living in the region during the last ice age 21,000 years ago. This and a number of other sites could provide local Indigenous people with an opportunity to offer a unique cultural and eco-tourism experience.

3. The feasibility of adapting the US minority business/development council model to the Australian context.

This is not applicable to the ACT.

4. Whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

The ACT Government does not provide any Indigenous specific business support programs but would be keen to work with, and to support, the Australian Government to provide incentives to encourage successful businesses to sub-contract, do business with or mentor new Indigenous enterprises.

If the Standing Committee Secretariat would like to discuss this matter further please contact Mr Nic Manikis on (02) 6205 522 or email him on nic.manikis@act.gov.au

I look forward to learning of the outcome of your Committee's work in due course.

Yours sincerely

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Minister for Indigenous Affairs

1 August 2008

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