COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Reference: Developing Indigenous enterprises

THURSDAY, 7 AUGUST 2008

KUNUNURRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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HOUSE OF REPRESENTATIVES STANDING

COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Thursday, 7 August 2008

Members: Mr Marles *(Chair)*, Mr Laming *(Deputy Chair)*, Mr Abbott, Ms Campbell, Mr Katter, Ms Rea, Dr Stone, Mr Kelvin Thomson, Mr Trevor and Mr Turnour

Members in attendance: Mr Marles, Ms Rea and Mr Kelvin Thomson

Terms of reference for the inquiry:

To inquire into and report on:

Opportunities for Aboriginal and Torres Strait Islander people to grow small and medium-size business. This shall include Indigenous controlled enterprises and business in which Indigenous people are joint venture partners.

In particular, the Committee will focus on:

1. whether current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises are effective, particularly in building sustainable relationships with the broader business sector;
2. identifying areas of Indigenous commercial advantage and strength;
3. the feasibility of adapting the US minority business/development council model to the Australian context; and
4. whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

WITNESSES

Committee met at 11.42 am

CHAIR (Mr Marles)—I declare open this public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs. We are currently conducting an inquiry into developing Indigenous enterprises. I would also acknowledge that we meet here today on the land of the Miriwoong people. The committee also acknowledges the present Aboriginal and Torres Strait Islander people who now reside in this area.

This is the fourth public hearing that the committee has undertaken for the inquiry into developing Indigenous enterprises, and we welcome the witnesses who are here with us today. This hearing is open to the public and a transcript of what is said will be placed on the committee's website. If you would like further details about the inquiry or the transcripts, please ask any of the committee staff at the end of the hearing.

[11.43 am]

ADDIS, Mr David (Ralph), Chief Executive, Wunan Foundation Inc

TRUST, Mr Ian Richard, Chair, Wunan Foundation Inc

CHAIR—Welcome. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to start by giving a brief opening statement? Then we might fire some questions at you.

Mr Trust—I will give you an overview of Wunan and what it is about. Wunan is an Indigenous organisation which has its office in Kununurra, but it actually serves the east Kimberley region of WA. It has been in existence for just over 10 years. Essentially, Wunan is about trying to change people's lifestyles for employment, education and training. We have some economic investments which we use to fund some of our activities, but we also tender for government funding to undertake a lot of the programs that we have.

I have been chair of the foundation intermittently for at least 10 years; Ralph has been CEO for almost the same period of time. We are an east community based organisation and we work in those key areas. The other area we have involvement in is in providing governance support to some of the organisations; we provide accounting and management support for them. Is there anything else, Ralph?

Mr Addis—In the context of the inquiry today, I think the driving philosophy for Wunan is a strong belief that the notion of closing the gap for Indigenous people in regions like the east Kimberley is destined to fail if we cannot successfully increase the level and quality of participation by Aboriginal people in the regional economy. So economic development is a key to turning things around in the east Kimberley. But by this we do not necessarily mean business development, although that has a role; it is more a broad notion of economic participation, and employment is a major key to that. To put that in context, unemployment in this region for Aboriginal people is in the order of 75 to 80 per cent.

Ms REA—How many people are we talking about?

Mr Addis—Across our region of the broad east Kimberley, it is about 5,000 to 6,000 people, but it is a very young population. Relative to the rest of Australian society, it is growing quite rapidly.

Ms REA—In that percentage, are you including children, or would that be 75 per cent of the adult population?

Mr Addis—Seventy-five per cent of the working age population.

CHAIR—Are unemployed.

Mr Addis—Yes. That is from the last census. It is not a highly scientific matter.

CHAIR—You say that business development is part of the picture but not the whole picture in terms of economic engagement. But I guess I would be interested to get your view on where you see business development particularly fitting into the whole picture. At the moment, is it a big part of economic engagement or a growing part?

Mr Addis—My view is that it is a large part of the response to try and improve participation. If we look though at the mainstream, self-employment is about four per cent of overall employment. If you talk about employed people and unemployed people—

CHAIR—Non-Indigenous?

Mr Addis—Non-Indigenous mainstream. So self-employment, which is really where small business fits, is a small part of the picture. It is an important part and a big driver of the economy. I would not want to downplay it but, in terms of shifting from 75 per cent disengagement from employment to something more in line with the rest of Australia, small business has an important but relatively small part to play.

CHAIR—Is that an east Kimberley stat that you have given us?

Mr Addis—No. That is my understanding of the mainstream stat for Australia.

CHAIR—You run a couple of businesses yourself.

Mr Addis—Yes.

CHAIR—How many people do they employ? Can you take us through them briefly?

Mr Addis—Wunan runs five separate business arms. One is a commercial portfolio of investments. Another is a business support and governance support business which employs about 13 people, about a third of whom are local Indigenous people. There is an employment services business which employs about eight people; probably again a third to a half are local Indigenous people. There is a construction and maintenance business which employs 13 people, 12 of whom are Indigenous people. There is also our accommodation service which is very light for employment; that is accommodation for people in transition to work. So, all up, we have about 47 to 48 staff, about 22 of whom are Aboriginal people.

Ms REA—In terms of the commercial business—the investments and whatever—what percentage of your revenue would that be? How significant are those investments for the foundation?

Mr Addis—They are substantial investments. In terms of the free cash flow that they provide, it is relatively small—in the order of $400,000 or $500,000 a year. That is largely due to the fact that a lot of them are leveraged and we are retiring debt. So in the long term they will become a significant cash flow into the east Kimberley.

Ms REA—Where do you get the rest of your revenue from? Also, can you explain a little about your governance structure? Is there a board or management committee? Ian is the chairman of—

Mr Trust—Yes. We have an Indigenous board, although it has one non-Indigenous person, who is a technical adviser. That is a gentleman who has spent many years with Ernst & Young, so he has come from a technical commercial background. Our board is made up of people from the east Kimberley. It was set up on the basis of the old ATSIC regional council areas in terms of the wards, and we draw our representation from that. At the moment the board is based on a representation model in terms of people coming from the various wards. We are looking at slowly changing that to an expertise board based on people with interest or expertise in business and economic development. We are incorporated under the Western Australian Associations Incorporation Act. Apart from me and the other member for the region who lives in Wyndham, our board members are spread right throughout the east Kimberley—Turkey Creek, Hall's Creek, the desert communities and so on.

CHAIR—How often do you meet as a board?

Mr Trust—Four times a year as a minimum, but other meetings take place between those meetings via teleconference, video conference and so on.

Mr KELVIN THOMSON—There are three things from me. First, what is a real job? The reason I ask that is that sometimes I hear this done pejoratively, as though jobs in the public sector are not real jobs. Indeed, I have heard—perish the thought—that being a member of parliament is not a real job. Have you heard that too? I just wonder how you define that in terms of your real jobs project.

Mr Addis—From our perspective, I think a real job is one that does not require a subsidy and where the employee is earning their wage and does not require substantial support. In reference to the research report that you have referred to, last year we did some research on the local economy pretty much in Kununurra, Hall's Creek and the surrounding areas. It is clearly a strong local economy. There is a really strong demand for employees from business, government as a major employer, the mining sector, tourism and hospitality—a whole range of different sectors. That research indicated that there is something in the order of 1,700 new Jobstart opportunities each year, so there is ample opportunity for work.

Mr KELVIN THOMSON—The second thing I want to ask you about is Kimberley Wilderness Adventures. Where do they go and how many people are involved in that business?

Mr Addis—Kimberley Wilderness Adventures is a tourism joint venture between Wunan and Australian Pacific Tours, which is a national tourism operator. We run tours out of Broome, up the Gibb River Road, up to the Mitchell Plateau, through Kununurra, through Purnululu National Park and back down to Broome. A part of that product model is four remote wilderness camps, of which three are located on Indigenous controlled land under land use agreements. It employs about 45 people in the field during the season, which is fairly short. We have strived to achieve some local employment outcomes, particularly in the remote communities where we operate. That has been difficult for a number of reasons. The business has taken quite some time and investment to bring it to maturity.

Mr KELVIN THOMSON—How long has it been going for?

Mr Addis—We have been involved for eight years. This is the APT partnership's fourth season.

Mr KELVIN THOMSON—What is in it for them?

Mr Addis—They see the Kimberley as an important market for tourism.

Mr KELVIN THOMSON—But working with you in the partnership as opposed to just offering the tour.

Mr Addis—We had established relationships with those remote communities around lands, and APT sees the opportunity to work with Aboriginal people at that level as potentially a very important part of making their product something that is unique, different and unmatchable from their competitors.

Mr KELVIN THOMSON—How secure is it? How do you see its future?

Mr Addis—I think we have a fairly high level of confidence about it. There is demand for the product and the product is of very good quality. APT has the capabilities to get it into the market and it is growing very well in terms of both volume and quality.

CHAIR—Could you just explain? From the tourist's point of view, they go out to one of these camps.

Mr Addis—Yes.

CHAIR—What happens out there?

Mr Addis—It is a destination based thing. Primarily, during the day, the touring activities are around the Mitchell Falls, for instance, or the Purnululu Ranges et cetera. The level of local Aboriginal content is significantly less than we would like. As I have said, for various reasons, that is difficult to achieve in a marketable way.

CHAIR—What are they staying in?

Mr Addis—Tented cabins, ranging from shed facilities in most of the camps to ensuite facilities in the Bungle Bungles.

CHAIR—Are they doing any cultural experiences? They are not doing as much as you would like them to, but are they doing any?

Mr Addis—At the Mitchell Plateau, the community is developing what they call a little special guiding activity. We use that as much as the community can offer it. It works fantastically. It is always the highlight of the tour, for tourists. There is a significant demand for that sort of experience.

Mr KELVIN THOMSON—The other thing I want to ask you about is the construction and maintenance business. You talk about housing being a major source of work. That is something that we have encountered elsewhere. At Yarrabah that was a significant issue. I can see why this would be very valuable. What things do you think we need to do to make that happen—to have housing construction and maintenance work done by local people?

Mr Addis—Traditionally, there have been a lot of programs and projects done around Aboriginal involvement in the construction sector—programs such as MSP. What they tend to lack is a business basis which carries them forward and looks to what is going to happen next month and next year, as a basis for sustainable economic activity. It has to be said that it is not easy to run a business where there is an overbearing emphasis on trying to take young people without industry experience and build a business with them. It is difficult and resource intensive, but it is working at this stage. I think one of the key success factors for that is having an established peer group of young people with a strong work ethic—a core of people who are driving it forward so that, when new people join the group, they have a role model to follow.

Mr KELVIN THOMSON—Clearly, we have to impart the skills. That has to be done but, as you say, that can make life more complex. The other thing you are pointing to is continuity of work so that, if construction work shows up in a particular community, the members of the community can say, 'Well, we want to do that work'—and you can see they would want to do that work. But, if it is only intermittent, it is hard to sustain a business that way.

Mr Addis—That is right, which is, I think, a key challenge for some of the smaller communities. Our guys are working in Kununurra, Hall's Creek and Oombulgurri, so they are moving around to where the work is. That is just a necessary part of sustaining a business and employment.

Ms REA—I have just a couple of points on that issue of establishing or developing businesses versus employment. I think I got a sense of what you were saying at the beginning—that, from your experience in this area, having well-paid jobs with a level of longevity that gives you some certainty of income is probably more significant at this point for the local Aboriginal community than setting up small businesses, because that is where the majority of employment is anyway. Also, just in that experience of, say, the partnership with the touring company, would you say that, in fact, working in with another organisation that is obviously an established and nationwide business is probably again giving a level of certainty of both job security and income rather than trying to establish that on your own as a stand-alone small business? Is that employment factor more significant at this point? We have heard from other inquiries that people are saying that you get the skills and the basic sort of understanding and training from employment and then, out of that, have developed a number of business enterprises that Indigenous people have begun because they have had that experience of a job first.

The other thing I want to know is: we heard yesterday in Darwin that in areas like this, which are reasonably remote, there are in fact quite a number of small enterprises which really do not even see themselves as businesses but are actually doing things. We heard of the experience of a group of women who are weavers who have tourists coming and doing workshops with them but, in fact, they are not even established as a business. Would there be a number of those sorts of activities going on around here? Perhaps the rest of the country does not even realise what level of enterprise is going on here even at quite a small level.

Mr Addis—There are quite a few questions there.

Ms REA—Sorry. I am just trying to get clear in my mind the significance of simply providing jobs or whether there is actually something more around promoting business enterprise than just employment. That is what I am trying to work through.

Mr Addis—My view from my experience over the last 10 to 12 years here is that it is extremely challenging for anyone to go from being unemployed, not having a strong set of experiences and skills, to running a real business. I think with the less formal businesses there are middle ways to participate that probably do make quite a bit of sense. Certainly, work experience through employment provides a hell of a lot of skills, experience and understanding of what is involved to take the next step, if that is what you choose to do.

For instance, with the construction and maintenance business, a couple of those young guys already are saying, 'When I finish this, I could become my own contractor.' That is a practical pathway for those guys to reach that aspiration. We will be encouraging that as much as we possibly can because it will be a terrific outcome for all concerned—and, hopefully, they could turn around as a business and provide services back to us. It is those sorts of relationships over time that I think will make that sort of thing possible. You see a fair bit of that around Argyle. Some of the business development spin-offs from Argyle pretty much follow that path, and I think it is a practical, sensible, relatively low-risk and low-difficulty approach.

CHAIR—In terms of the business arms that you have developed, what has led you to develop each particular business? Is it because you have seen a gap or an opportunity in the market? How have they evolved? Do you have a guiding philosophy about that?

Mr Trust—It has been market driven in most cases. The employment service business is really sort of geared around trying to change people's lifestyles in terms of entering employment and getting their families good opportunities for the future and so on. The other opportunities basically have been around—with the housing one, lots of housing has been done in the Kimberley over the years. A housing construction company has never really been set up locally. That has been sustainable for a length of time.

We have concentrated on where the opportunities are. We have never tried to invent or create something that we did not think was sustainable. We bought into the tourist business about eight years ago because we thought it was a good area to have a look at. But again the opportunity was there. So, basically, it has been around opportunities. Once we have gone into the businesses, like the housing and tourist ones, that has led to other opportunities with those partners or other potential partners.

Mr Addis—I would just add that I think, on the commercial side, the objective of that is clearly to create an independent financial base so that we can have that independence, carry a long-term strategy, take risks and afford to make manageable losses as part of that experiment process. In terms of property investments, the tourism investment is primarily commercial, although it has a secondary social objective I suppose. But that is market driven, return on investment driven and opportunity driven. On the more social ventures, it is very much driven by our purpose of trying to provide opportunities for people to move forward in their life through education, employment, accommodation and housing.

CHAIR—In the evidence that you have given, you said that there is 75 per cent unemployment for adults and at the same time 1,700 new jobs a year in the east Kimberley, across the—

Mr Addis—That is not new jobs created, that is Jobstart, which includes turnover of staff.

CHAIR—But, if the 75 per cent unemployment defines the problem and the 1,700 jobs define the potential—

Mr Addis—Yes.

CHAIR—do you see yourself as trying to garner as many of those opportunities as possible for Indigenous people? Is that something of the guiding philosophy?

Mr Addis—We see ourselves as playing a role in linking the opportunity for a decent job to people who want to take that opportunity and to help and provide some of the supports that they need and otherwise might not have around accommodation and some of the other sorts of supports to help people to move forward.

CHAIR—I do not want to put words in your mouth; I am just trying to get an idea of whether that is through then trying to develop a business model around whatever is the gap in the market to try and—

Mr Addis—Where necessary. The construction and maintenance is a good example. Historically, there has been very limited take-up of employment—very limited employment of local Aboriginal people by players in that game. So, to a certain extent, the construction and maintenance business is an in-between. It is somewhere where people can get a start and, in time, they will move off, form their own businesses and work for other contractors et cetera. So it is a stepping stone. But I would say that we are under no illusion that we are going to create enough jobs for 1,500 people. That is not the game at all. The bulk of jobs are out there already.

CHAIR—Yes. You have probably said how many people are employed in the tourism business.

Mr Addis—About 45 during the season. It is up and down in terms of the remote communities, but there are only three Aboriginal people working in that.

CHAIR—So only three of the 45 are Indigenous?

Mr Addis—Yes.

CHAIR—In those remote areas, are you paying some—

Mr Addis—Effectively, there is a rent arrangement.

CHAIR—To the local communities?

Mr Addis—That is right.

CHAIR—Thank you very much for your time; we have really appreciated it.

[12.09 pm]

PRICE, Mr Edgar David Kenelm, Private capacity

CHAIR—Welcome. The committee does not require you to speak under oath, but you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. You may give a brief opening statement and then we will ask you some questions.

Mr Price—Briefly, as to my background, my business provides mainly business mentoring and planning services. The majority of my clients for the past few years have been Indigenous small businesses. The background to that is that I spent a number of years working for the East Kimberley Business Enterprise Centre based in Wyndham, which covered most of the east Kimberley, including the whole Shire of Halls Creek. In addition, I have some experience from running the Kimberley Language Resource Centre corporation in Halls Creek. I did a little bit of business mentoring on the side while I was there because there was nobody else in town qualified to look after some of the local people in business. For the last three years I have been running my own business. I have worked two different contracts for the Commonwealth government. Over the last three years I have done two contracts for the Business Ready Program for Indigenous Tourism; I understand that shortly I am to be contracted for a third time. The original contract for that was to work with 10 businesses, and that proved unwieldy. With the second contract, we were all asked to cut down to four and work much more intensively. I am also a preferred service provider for IBA; I do some work for them.

Two other areas may be relevant. I do some business planning work for the Kimberley Aboriginal Law and Culture Centre, who have been trying to develop some commercial activities of their own. Also, more recently, I started doing some work with the Karajarri Traditional Lands Association, which is made up of traditional owners for the Bidyadanga area.

CHAIR—Can we get you to talk a little bit about the Business Ready Program for Indigenous Tourism? As I understand it, you are a business mentor, and that is funded out of AusIndustry. Can you explain the role that you play under that program?

Mr Price—It is really almost whatever is required to help develop Indigenous businesses. Under the Business Ready Program, I think there were six mentoring businesses appointed around Australia. My business was the only business appointed in Western Australia and really we only focused on the west Kimberley, mainly for logistical reasons. My work covers a lot of planning work. I chose to work with businesses that were managed by Indigenous people directly. I am aware that a number of other people worked with bigger businesses that perhaps had non-Indigenous managers, so I chose quite small family concerns. It involves a lot of educating about how business works, starting from quite fundamental things. A number of people that I work with have had very little employment experience. A number of the people, particularly younger people, have had fairly limited contact with non-Indigenous people previously. So there is a lot to teach about very general things there.

Once the businesses have become a little more established then, particularly in recent years, a lot of my work has been on training people to set up an office, manage paperwork and try to budget, particularly for the off season. When businesses are starting, a lot of people pay in cash. The cash goes straight out and there are no records kept, and then they wonder why they cannot get grants or loans and so on. So it is about gradually explaining the benefits of that sort of thing. A lot of effort is required in that. It takes a lot of time, particularly with remote people that I mostly work with, to explain to them the need to keep paperwork and stop the kids from coming in and tearing up the paper. It is really at that sort of level.

CHAIR—Do you believe that the businesses that you are working with are fundamentally sustainable? Is there a market into which the product can be sold, and all that kind of stuff?

Mr Price—I am still involved with three businesses that are going concerns. They will all continue, regardless of whether someone works with them or not. They have a clientele that ticks over and so on. A lot of it is about improving their efficiency. Three of the businesses have shown quite marked improvement this season, even though our contract finished at the start of the season. The previous work that we have done has only now started to pay off, which is what we always thought would happen—it would take a while to show some return. They do have potential. One is a camping ground that is growing. It could take probably two or three times as many people staying there if it had a few more facilities—just basic ablution facilities and things like that. We are only just starting to market that, yet it has been full for the last month or so. We think we could get quite a long season happening there. Ultimately, there could be four or five people employed. At the moment there is only one person on wages, but the business is reinvesting some of its profits back into equipment. Hopefully, if they can make enough over the next year or so and they cannot get funding for infrastructure, they will start investing into that.

In terms of sustainability, particularly with family based businesses, my impression is that the key to sustainability is the involvement of younger members of the family in particular—you often have one or two key people in a family business. Ultimately, that is not sustainable. But, if you can get sons, daughters, cousins and so on involved, gradually you start to have a much more sustainable business. As I say, those businesses are going to keep trading; the question is how efficiently and how well they comply.

CHAIR—As we have been taking evidence, particularly in this part of Australia, the general impression that we are getting is that there are quite a lot of opportunities out there for businesses—be they in art, tourism or a range of other areas—and there are the skills to produce products or to give experiences and there is a market which will purchase them. But the biggest issue is the cultural divide or perhaps the infrastructure divide between the people who are doing this and what would need to be done to make them efficient. There are a range of models that have been presented about how you close that gap. What model do you think works best? Is it about teaching people all the business skills? Is it about entering into partnerships with people who have business skills so that the Indigenous people can focus on what they do best? Is there a particular prescription which works, or is it horses for courses?

Mr Price—It is horses for courses, but I think it tends to be the latter. It tends to be getting the people to focus on what they do best and teaching people to do the things that they must do to comply in terms of safety and those types of things. But certainly in my experience a lot of people do not have the education levels to be able to handle paperwork of any great complexity.

One of the things that I put in my submission was that there is a real need for bookkeepers who can work with businesses. It is the same as in non-Indigenous business: there are a lot of people who are really not very good at paperwork but they are good at making a sale and at judging perhaps the price of something and they will get someone else to handle their financial affairs and so on. One business that I have been working with has had that arrangement for some time and it works very effectively. Also, to a certain extent, it reduces some of the pressure from extended family or that extended family members will place on the business owner to give them a handout if they are short of money and that sort of thing. So that works to the advantage of that particular business owner. He does not want to do that. He has done that previously and given away all his money and has learnt his lesson. But there is a lot of pressure for that. So, if you can outsource your business management, particularly the financial management, you are much better off.

Mr KELVIN THOMSON—Is there a tension between running a successful tourism business and presenting cultural and Indigenous communities' own terms?

Mr Price—It probably varies from business to business. I spent quite a lot of time working through that with a couple of my clients. I think they have realised that they can set the terms for that. They can set limits on what they will and will not do with their clients. I think people are often happy to share a lot of aspects of culture. They get something back from that as well. I think they also—the ones that I am working with anyway—have realised that there is a great deal of interest in their culture. I have noticed a shift with one particular family from being fairly defensive about aspects of culture to being much more outgoing about them.

Mr KELVIN THOMSON—Nevertheless, if they set rules and boundaries and so on, it need not be prejudicial to the level of interest in the way the tourism business operates?

Mr Price—I believe so.

Mr KELVIN THOMSON—In terms of assisting Indigenous tourism operators to get into the industry and get started up, are there things that from a public policy point of view we should be thinking about or things that we can do to help?

Mr PRICE—Another thing that I put in my submission is that I believe there is quite a gap at the real start-up level, at the capacity building level. In the communities I am working in there are not too many jobs available. There is some CDEP and there are little bits and pieces of jobs. In small communities, I have found quite often that there is a lot of tension between families particularly due to native title issues as to whose land is which and so on. A lot of those things still remain to be resolved, even within areas that have native title. So going into a business really is the way a lot of those people will gain an income.

Mr KELVIN THOMSON—What about the issue of capital and finance? The Northern Territory Indigenous Tourism Strategy says that it is often challenging to find the capital and the finance. Do you think that is right?

Mr Price—Yes, I do.

Mr KELVIN THOMSON—If so, what can you do about it?

Mr Price—One of the things that I did ask AusIndustry for was access to some kind of a capital allocation or even just to be able to make a recommendation—$20,000 spent on an ablution block for one business would be probably just as valuable if not more so than ongoing mentoring and would make a direct boost to that business. I do not feel that I have much capacity to influence those sorts of things at the moment. Obviously, there are some funds around for capital infrastructure, but accessing them generally requires a fairly sophisticated level of business skills and documentation. It has taken me about three years to work with one client family to get them just to the stage where they are about to be able to apply for those sorts of things. But it is a competitive process.

Ms REA—Following on a little from previous questions that Richard and Kelvin have asked, something that emerged quite a bit yesterday was the issue of the cultural divide in terms of businesses getting off the ground, managing to succeed and, I guess, most importantly, being sustainable. I notice that your submission talks a lot about mentoring and you have talked a lot about helping people to understand those basic business skills—bookkeeping and whatever. But what would you say in response to the issue that several people identified yesterday —the cultural divide—as probably being the most significant issue for businesses getting off the ground and sustaining themselves and people's understanding?

Mr Price—A lot of things are put down to a cultural divide, whereas some of them are more just about differences in levels of knowledge about business. There are occasions where there is a specifically cultural aspect to a problem. But quite often, in my experience, it is simply the inexperience of the Indigenous business operators in perhaps allocating somebody to be there all the time, to have an office manned all the time and to return phone calls. They are put down as cultural things quite often, but my feeling is that those types of issues are more about experience in business than about anything particularly cultural.

CHAIR—We have talked about tourism because of your particular role there, but am I right in understanding that your business also deals with other Indigenous businesses in a consultancy role?

Mr Price—It does, yes, from time to time. I have worked with a couple of different types of businesses—in tourism, one machinery hire business and I am just at the start of working with a business that specialises in media of various kinds. I am not officially working for them yet, but it looks like that is going to happen.

CHAIR—You mentioned a machinery business. Do different issues arise in mentoring businesses which are not culturally specific, I suppose? I assume that a lot of the tourism businesses are about, in a sense, showing off the local culture. A machinery business could be operating anywhere. Are there different issues that arise there?

Mr Price—No. That particular business is much more straightforward. A grader driver has a grader and hires it out. I think he has a fairly small number of clients who hire him continually. So his main problem is really to maintain the grader and make the payments on his loan. It is fairly straightforward. He is skilled at maintaining the machinery and at doing the job and he outsources his accounts.

CHAIR—But with the particular funding that has provided for your mentoring in tourism—I guess the question I am getting at is: could that mentoring just as easily be applied to other non-tourist Indigenous businesses?

Mr Price—Yes.

CHAIR—Do you think having sources of funding available for that would be of value?

Mr Price—Yes, definitely. Certainly, my experience perhaps more as in recent years in the West Kimberley, is that an Indigenous person going into business will often be the first person in their family to have done so. So they may or may not have an experienced person who they can ask questions of, particularly questions that betray ignorance. Often they might feel a little bit ashamed to ask somebody who they do not know terribly well and who might tell them that are an idiot or whatever if they do not know the answer, whereas if they have a relationship with someone that has developed to a certain level then there is no shame in asking basic questions. I think that applies across all industries.

The business ready program, as I understand it, just grew from a white paper into tourism that was put out some time previously, so it came from the tourism area. But it could have just as easily been run through another agency and possibly it would have been better if it had. There might have been better corporate knowledge about the program to begin with. Those things tend to be available through IBA. I think the good thing about the business ready program initially was that it did allow us to work with some very nascent businesses that possibly would have not yet qualified for IBA support but ultimately probably will.

Ms REA—Are you familiar with the idea of the Business Council, which is the model we have been looking at in the United States and Canada?

Mr Price—I am not. I would have liked to have had a chance to look at that this week but I have not.

Ms REA—That is okay. It is essentially large companies having a policy around a small percentage of their business being given to Indigenous businesses, whether it is stationery or plant hire or whatever. How do you think that would work in an area like this? Would that be useful, or are we looking more at the fostering of different small enterprises that are there with the potential to develop with a bit of support?

Mr Price—I think that would be good. It will not apply everywhere, but there would be opportunities for that to apply in this region. On that line, one of the things I mentioned briefly in my submission was, possibly, some incentives for business—particularly service businesses like bookkeepers and so on—to provide services. I think that would make a bit of a difference. It would make it a little more accessible to people—perhaps even more than accessible; it would actually encourage people to work with Indigenous businesses.

CHAIR—You have just made a point about IBA. Looking at your submission, I see you have referred to it there as well. I take it your view is that the level one needs to get to in terms of a business proposal before you can plug into IBA is quite detailed or significant. Is that right? Do you feel that that kind of threshold is ruling out a lot of potential Indigenous businesses?

Mr Price—Yes. IBA is set up, I think, to definitely limit any losses they might make on loans. Their requirements are very similar to standard bank requirements. I have had clients who have taken a long time to get a loan through IBA but have been able to get a loan or partial loan through a commercial bank a lot faster. However, IBA is good for things like a little bit of start-up capital, which you cannot get from a commercial lender. For example, a commercial bank will lend for a vehicle because it can hold some security over that vehicle, but it will not lend for a start-up. So there is definitely a role for IBA. IBA also tend to contract somebody to provide some mentoring as the business starts and gets going. That is, I think, a good benefit for clients. Generally, I find IBA really good to deal with. I think there is just a gap there in terms of start-up businesses.

CHAIR—In terms not so much of how long it takes to get a loan—there has been a lot of comment about that—but of how easy it is to get one in terms of what criteria you have to satisfy, do you think IBA are getting the balance right?

Mr Price—I think they probably are. Even with the requirements that they do have, I understand that from time to time they have a lot of problems with people not necessarily defaulting overall but being late with payments and so on. I have been asked quite a number of times over the last couple of years to chase up clients I have been working with who have been slack about making their loan repayments. In some cases, it was just because it was not a priority for them at the time; in other cases it was because they might have had a bit of a clash flow glitch. Quite often it was because they were too busy going out and doing the part of the business they really liked doing, which was working with the clients. Again that is where there is perhaps a lack of administrative background that hurts those businesses.

CHAIR—Thank you very much. We really appreciate your time. You have given very useful information. Thank you also for providing your written submission.

[12.36 pm]

KELLY, Mrs Jenny, Gallery Manager, Red Rock Art Gallery

CUMMINS, Ms Catherine, Manager, Waringarri Aboriginal Arts

CHAIR—Welcome. Do you wish to make any additional comments as to your appearance here?

Ms Kelly—I work for Red Rock Art Gallery. I am one of the owners and gallery managers of Red Rock Art.

Ms Cummins—I am the manager at Waringarri Aboriginal Arts, which is an Indigenous owned community based not-for-profit organisation.

CHAIR—Thank you both for hosting the committee this morning. The committee does not require you to speak under oath, but you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you both like to provide us with a brief opening statement and then we will ask you questions.

Ms Kelly—I am here on behalf of my husband because he is in Darwin and not available. He actually wrote a letter. Do you want me to read it? I am not sure whether I can elaborate on it too much, but there may be some questions I can answer.

CHAIR—We will take that letter as a submission. Thank you. Would you give us a brief run-down of Red Rock Art Gallery and tell us how long it has been operating. These are among a number of questions I was asking you at the gallery.

Ms Kelly—All right. Red Rock Art Gallery has been going for 12 years. We are a private gallery. We service Indigenous and non-Indigenous artists in the east Kimberley, providing an arts centre area where artists can come in and paint. We then exhibit their work and sell it on their behalf.

CHAIR—Cathy, we might get a quick statement from you.

Ms Cummins—Waringarri Aboriginal Arts has been operating since the early- to mid-1980s. It was started by a group of senior artists to promote Indigenous culture and provide an economic base. Originally it was under the auspices of Waringarri resources centre or Waringarri Corporation, and it was separately incorporated into Waringarri Aboriginal Arts in 1999. It is the first Indigenous owned art centre in the Kimberley region and one of the longest continuously operating, Indigenous owned art centres in the country. Primarily, it is owned and governed by the Indigenous artists who work there.

CHAIR—A lot of what we would like you to say is what you have already told us, but we need to do it officially for the record. I will start with you, Cathy. Is the art centre an incorporated association?

Ms Cummins—Yes, it is a not-for-profit Indigenous incorporation under the CATSI Act, previously the ORATSI Act.

CHAIR—What is the board made up of?

Ms Cummins—It is made up of 10 Indigenous artists who are voted in annually. They include a chair, a vice chair, a secretary and a treasurer.

CHAIR—Are they artists in the community or elders of the community or both?

Ms Cummins—They are generally artists at the arts centre who are on the board, although the artist and the elder status cross over.

CHAIR—Do you get some government funding?

Ms Cummins—We get some government funding from DEEWR, which contributes to my wage and some operational costs, although we present to DEEWR our full budget and they approve that, which also includes our self-generated funds.

CHAIR—How much is that?

Ms Cummins—Last financial year it was roughly $700,000.

CHAIR—Was $700,000 the government funding, or was that—

Ms Cummins—No. That was self-generated, and it was $100,000 for the government funding.

CHAIR—How many artists would you have on your books?

Ms Cummins—We have 65 artists on the books, although realistically there are probably 35 to 40 artists who regularly contribute. That regular contribution is made up of painters who do ochre works on canvass, baobab carvers and didgeridoo makers. So there is a real cross-section from large art pieces to small artefacts.

CHAIR—Is the group that the centre is working with one language group, one community?

Ms Cummins—Primarily, they are Miriwoong people. A number of other artists have married into the Miriwoong community, so they are also included. Originally, Waringarri dealt with artists right across the region who included artists of a number of language groups. But, since 1998, it has really been just Miriwoong and their marriage relationships and family relationships.

CHAIR—I am interested in how the artists relate to you. Do you enter into an agreement with the artists?

Ms Cummins—I have a contract with the corporation. I have just recently re-signed my contract. My contract has been addressed on an annual basis, although this current contract is a little longer.

CHAIR—But, with the individual artists, do you enter into agreements?

Ms Cummins—I am sorry; that was my misunderstanding. Every artist represented by Waringarri Aboriginal arts has an agreement with the art centre, yes.

CHAIR—Does it provide for the amount they receive when a piece of art is sold?

Ms Cummins—The conditions in the agreement are that they will receive a certain amount of money for every painting sold and that we will provide the materials to them. It states a couple of other conditions that they will be responsible for, such as providing story and allowing their artwork to be photographed. It is a very simple but standard agreement. So it is very clear between the artists and the art centre who does what.

CHAIR—Typically, in terms of a piece that is sold through the centre, what percentage would go back to the artist?

Ms Cummins—An average of 60 per cent is returned to artists. Our on-site gallery sales artists get 55 per cent but, of wholesale sales for exhibition purposes, artists get 65 per cent. So it rounds out that an artists receives 60 per cent of every sale.

CHAIR—Do you sell work other than through the centre itself?

Ms Cummins—We sell through the centre and on line, which is also through the centre, and we exhibit interstate and overseas.

CHAIR—Where you exhibit interstate or overseas, just explain how that would work in terms of what would go back to the artist.

Ms Cummins—When we sell work at a wholesale rate to a gallery interstate, the artist receives 65 per cent of our wholesale amount.

CHAIR—When you are doing that, is the gallery interstate or overseas actually purchasing the piece of art from you?

Ms Cummins—Most of the galleries that we deal with for exhibition are exhibiting those works on consignment, so the work is not paid for until the work is sold. Generally, we will have an exhibition agreement with a gallery. At the end of that exhibition period, they notify us which works have been sold. We invoice them for that amount and then our artists are paid.

CHAIR—In terms of the business of each particular artist, effectively you are providing all the marketing, all the materials—

Ms Cummins—Yes.

CHAIR—and the space in which to do the art, or do they do it—

Ms Cummins—The centre provides access to space, access to artist development workshops, access to materials, access to marketing, promoting, copyright information, legal advice and financial support—a whole range of things.

CHAIR—Do you provide other advice to your artists in terms of interacting with government or various government programs?

Ms Cummins—Generally—and I think this is quite true of art centres across the top end at least—quite often you are dealing with a group of people whose numeracy and literacy skills may not be of a very high level. So, when the Centrelink form comes in or a notification from Homeswest or something else, you need to support that artist by reading it to them. So, as I mentioned to you earlier, we do assist artists in a whole range of ways that maybe government could be assisting them with. But, I guess, for a lot of artists and the surrounding community, the centre seems to be a bit of a hub. Artists trust that hub, so they come to you for information that they cannot read or they do not understand.

CHAIR—Jenny, how many Indigenous artists do you have on your books?

Ms Kelly—Probably up to about 15.

CHAIR—Where are those Indigenous artists from?

Ms Kelly—We work with a broad range from all over the east Kimberley, so from Kununurra right down to Fitzroy and into the desert.

CHAIR—Are they of a particular language group?

Ms Kelly—No, they are all different. They would be from all different language groups.

CHAIR—You described earlier, when we saw you this morning, that you fill a gap in the market. Could you explain that again?

Ms Kelly—Because Kununurra is quite a large town with a number of resources available to people, a lot of people who live in Kununurra are living out of country. So they might not necessarily be from Kununurra but they have lived here for a long time. So we pick up that little bit of a gap where they come in and we choose our artists. People come and talk to us who want to paint and I suppose we select from them.

CHAIR—But, in terms of people who are not from the same language group as those who are at the arts centre, is it more accessible for them to work through you?

Ms Kelly—I think it is just an artist's choice. I am sure they are very welcome at Waringarri or at the other art centres; it is just a different option for them.

CHAIR—I guess what I am trying to probe is: do you think that the artists feel more comfortable either painting or working in the same language group as the others who are at that centre? Do you think getting that right, in terms of the community relationships, is important in artists feeling comfortable doing their work?

Ms Kelly—I suppose—I am not sure if I am answering quite correctly—some of the elderly people who are senior lawmen in their own country may not be comfortable painting under a different language group, with different senior lawmen who are probably of an equal status in their community. So, yes, they would be more comfortable with us.

CHAIR—In terms of the business relationship that you have with the artists who are working in the Red Rock gallery, is it similar? Do you have an agreement with each of those artists?

Ms Kelly—We do not have any formal agreement; it is verbal.

CHAIR—When a piece is sold through your gallery, how much of that goes back to the artist?

Ms Kelly—Sixty per cent.

CHAIR—Again, I think you said this morning that much of where you sell your work is not in the gallery here but around—

Ms Kelly—Yes, we do a lot of exhibitions. If we sell their work out of the gallery here in Kununurra, they probably get a return that is a little bit higher. But when we send their work to exhibitions or if we go through another gallery we put the price up to cater for their percentage as well. So we have a Kununurra price but, when we go to exhibition, we have an exhibition price, so they would still get roughly around the same price.

CHAIR—Do you sell online as well?

Ms Kelly—I do have a website, yes, and sell works online.

CHAIR—Do you also provide artists with materials?

Ms Kelly—Yes, all the materials that they need.

CHAIR—Do they largely do their work at Red Rock gallery or might they do it at home? How does that work?

Ms Kelly—Mostly at Red Rock gallery, but there are a few who do work from home because some of our artists are a long way away and it is easier.

CHAIR—I think I have covered just about everything from our conversations this morning.

Mr KELVIN THOMSON—It has been suggested that young Indigenous people are not as interested in Indigenous art as their elders are. Is that right?

Ms Kelly—We only really have one young one that we work with quite closely. But I suppose over the years, no, there have not been too many young ones who have come in.

Mr KELVIN THOMSON—Do you think that is a problem, or are we exaggerating that as a problem?

Ms Cummins—I think realistically there are a lot of other options for young people, so working in the arts in a cultural way is maybe not the only drawcard available to them. We certainly have a young artist program. It is hard work but we are developing a number of artists in the under-35 age group. But I guess there are other options too. There are a lot more employment opportunities for young people in Kununurra than maybe there once were. I think the other thing that is quite important is that developing someone's career in the arts is quite a commitment. If you think about it, in a non-Indigenous format, you go to university for four or five years and you do a postgraduate in the arts and eight years down the track you are making art all the time, but that is eight years worth of commitment. So I think that to develop strong artists needs quite a bit of time.

Mr KELVIN THOMSON—You talk about other options that are available to young people. What about the non-traditional art mediums and styles or working with new media and things like that? Do you detect an interest in those things?

Ms Cummins—A tiny little bit. I suppose the key thing is that, coming from a community based arts centre, the priority for the senior artists who run the place is that there is cultural maintenance involved, so it is about passing on knowledge and tradition. So they themselves are selecting the young artists that they believe can carry on that kind of skill. It is not about just learning any skill; it is about learning particular cultural practice.

Mr KELVIN THOMSON—Do you think that knowledge is being passed on, that there is continuity there?

Ms Cummins—Yes, certainly—perhaps not broadly but certainly within the community there are young people having knowledge passed on to them.

CHAIR—I want to ask about the family relationships that the artists have. Are they often supporting large numbers of family members through their work?

Ms Cummins—Yes. We have one instance of a husband and wife who are supporting 25 grandchildren. The artists are making money. In a community like Kununurra, certainly within the traditional MG community where there are not a lot of people working, the artist is the one who is making the money and everyone else might be on CDEP or a pension. As I explained earlier, that $200 a week goes nowhere; you only to have walk into the supermarket here to see that. So certainly the cultural practice of sharing money is really significant when someone makes it.

CHAIR—You said an interesting thing this morning and I would like to hear more from you on it. It was around the collective nature of the artists—that everyone wanted to paint at the same level. Do you remember your comment?

Ms Cummins—Yes, I do. I think I said that Waringarri was not in the upper echelons of the Indigenous arts industry, and that is not because the work is not of really high quality. The continuous comment to me is that we need to all be doing well, not just one or two. So there is a real push to make sure that the spectrum is wide rather than narrow.

CHAIR—So, in a sense—

Ms Cummins—Everyone gets a turn.

CHAIR—Explain 'everyone gets a turn'.

Ms Cummins—I think it is important that there are not just two or three stars in the art market, that at least the top 10 to 15 are doing okay rather than a couple doing really, really well. That is the impression I have from the committee that I work with.

Ms REA—I am interested in exploring that. Does that disadvantage those two or three really good artists? The way you are expressing it, it is almost a decision that is made for the good of the community and the collective, but is there a disadvantage? Is would not necessarily mean that their sale price is affected, but does it mean their access to resources is limited?

Ms Cummins—No, their access to resources still remains. I guess, really, it is about my time. I cannot focus just on working with them; I have to focus across a broad spectrum.

CHAIR—Do you think that is particular to Waringarri?

Ms Cummins—I am sure that other art centres operate in the same way, but it keeps us as a mid-range arts centre and not a high-delivery arts centre.

CHAIR—Because the best are not allowed to shine?

Ms Cummins—No. I think I explained to you earlier that with arts centres you are working with a lot of artists and they are reasonably under resourced centres, given that they are not just operating in arts development and arts sales; they are doing a whole range of other things. I guess it is that more than anything else.

CHAIR—You might have answered this in relation to what Kelvin said, but one other thing I am keen to get on the record is that you described this morning the development of the kids. You have a number of young kids, even eight-year-olds.

Ms Cummins—Yes, we work quite closely with the schools as well to run arts programs, and senior artists will teach visiting students.

CHAIR—This is something that the artists wanted to develop in terms of their own families?

Ms Cummins—Yes. We work with the bridging program at the high school and we are about to set up something with St Joseph's school because some of the artists' kids go to those schools.

CHAIR—In a lot of the evidence that we have been receiving, particularly over the last couple of days, there has been this consistent theme that there is a lot of potential activity out there in terms of Indigenous business but that there is a cultural divide or an infrastructure divide or maybe a lack of understanding about business—the business of business—and that is what needs to be bridged to allow these kinds of activities to blossom. Obviously, art is a very good example of where you have a whole lot of people who are clearly wonderful in terms of the art that they are producing and a whole lot of business needs to be built around that. The arts centre particularly seems to be a unique model in bridging that gap. Can you see it having, as a model, an impact beyond the art world?

Ms Cummins—We employ six Indigenous arts workers and they are all younger people, so their ability to embrace the enterprise model and develop those skills and that understanding means that they will be able to go into other areas, should they choose to, although most of the young arts workers that we have choose to work there because it is a cross-cultural environment, so they are working in culture and working with enterprise.

CHAIR—Is there anything else that either of you would like to add?

Ms Kelly—No, unless you have any other—

Ms REA—It is interesting to get another example of the arts industry actually generating a whole range of other spin-offs. Kevin's letter was specifically about wanting to, I guess, re-create or re-instigate a local stretching and packing business which does not occur any more. I think he was running one, but he was looking for Indigenous organisations to take it over. Is the way I read it correct?

Ms Kelly—I think he was saying it could be taken to another level and it could support a lot of the art centres.

Ms Cummins—I guess I probably just want to add that I showed you the frame-making room. At this stage we have three workers who work in that area. The plan is for that to shift away from Waringarri at some time and becomes its own hub.

CHAIR—Frame makers rather than artists.

Ms Cummins—Frame making and packing, like you said, yes.

Ms Kelly—It is a major part in all the art centres. While Kathy has developed her side quite well, it does not happen in a lot of the other places. It is one area that could be developed and could work very well. At the moment a lot of it is being resourced from outside.

Ms Cummins—That is why we started doing it ourselves. When Kevin was not able to fulfil our orders, it seemed like a good idea to get training for the young guys and let them have a go at it themselves.

CHAIR—Both of you use the internet to market the work. What impact do you think it has had on, I guess, both your businesses and on the marketing of Indigenous art generally?

Ms Kelly—Ours is still quite small, I suppose. We do email our regulars—we have a regular client base—when works come up that we know they are interested in. But, as far as selling a lot over the internet, we do very little of that.

Ms Cummins—Ours has been picking up. But then we are members of ANKAAA, we are linked in through the website, so there are a few portals. We have just linked up with three other Kimberley based art centres and there is a portal for Kimberley based art centres. Hopefully that will provide some increase for us.

CHAIR—Are you selling internationally on line?

Ms Cummins—Yes.

CHAIR—And that is to people who have not come and visited you but only know you on line?

Ms Cummins—There might be the odd ones that buy without having been to the Kimberley, but probably they are mostly people who have passed through and did not purchase and then do purchase.

CHAIR—That makes sense. I think a number of us may be in that category.

Ms Cummins—Yes, and I think that is probably typical.

Ms Kelly—And we get the same too.

Ms Cummins—And the web fluctuates as well.

Ms Kelly—It is very hard to capture the right image, to buy on line, because everybody's computer is quite different with respect to the colours.

Ms REA—Yes, you have to see it.

Ms Kelly—Yes, or know something about it. We find that it is not a big thing in our sales.

Ms Cummins—With ours, we certainly do not do the shopping-cart approach. Looking via the website then means that we will send out a whole lot of images at higher resolution and have a conversation with that person so that it is a much more personalised experience.

Ms REA—Just to finish that point, not so much the selling on line but what about your being on the internet? Has having websites actually increased the number of your visitors? I guess, now in particular in Australia international tourism is still probably primarily cultural tourism and visiting the outback. Have you seen more visitors coming through your galleries because people can now look on line and find out what they would like to do when they do their—

Ms Cummins—That is hard to know. I am not sure where the hits come from.

Ms REA—That is where I would see the internet probably having more of an impact than having a catalogue on line.

Ms Kelly—I do not think so. The way I understand that a lot of those internet sites work is that you actually have to have a very large website. If someone is doing a Google search, to come up in the top 10, you have to have a massive website, which requires a lot of money. Usually, generally, most people do not go beyond No. 10, once they have done a Google search of what is in there. It is only if they really do know us or have a reasonable knowledge of the area and what might be available that they might hit us a bit sooner than that and we might come up in it a bit more. Other than that, I think those websites that come up first are hard to beat.

Ms Cummins—Can I just add another thing, going back to that enterprise development, which is the six Indigenous arts workers that we have and how important that opportunity is for employment and education? As far as Indigenous enterprises go, that skill base is really helping push the boundaries out and develop enterprise within the community. Lots of support for that is obviously a priority.

CHAIR—Thank you for coming; we really appreciate it. As I said at the start, thank you for hosting us this morning. We enjoyed both experiences and we have become clients.

Proceedings suspended from 1.07 pm to 1.27 pm

DOWNIE, Mr Richard Daniel (Rick), Executive Officer, Gelganyem Trust

MORGAN, Mrs Maria, Co-Chair, Gelganyem Trust

CHAIR—Welcome. The committee does not require you to give evidence under oath, but you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make an opening statement and describe for us the role of the Gelganyem Trust?

Mr Downie—As an outcome of the Indigenous land use agreement between Argyle diamond mines and the traditional owners of the land on which the mine operates, two trusts were established: Gelganyem Trust, which is about money for the future, and Kilkayi Trust, which is about money for now. The agreement is between seven dawang, seven estate groups, which are made up of families. They each have a proven link to the land on which the mine operates. The arrangement is that, in order for Argyle to mine that land, they pay a percentage of their profits to the traditional owners twice a year based on their earnings before interest, tax and depreciation. The trusts were established as mechanisms into which those payments are made on a twice-yearly basis.

The traditional owners are the trustees of the trust, and there is a separate executive office that I work for. Our trustees represent those seven estate groups. We also have two independent trustees, both based in Perth: a finance expert and a community development expert. The trustees meet every three months for a two- to three-day meeting and talk about initiatives that they can act on using their money to better benefit Aboriginal people in the East Kimberley. Much of the Gelganyem funds are tied up for life after the mine, but funds are available there that Gelganyem partners with other government and non-government organisations to instigate initiatives for the good of Aboriginal people.

We have two sets of skills here. Maria is also part of a successful Indigenous tourism business that has been operating in this part of the world for a number of years.

CHAIR—Are any of those initiatives in the space of business development?

Mr Downie—Yes, they are.

CHAIR—Can you describe them?

Mr Downie—We are trying a number of different strategies. We did a study of all of those people who made up our dawang. We had consultants in and they spoke to people on country about their business ideas. We had that written up into a report and Gelganyem Trust established a forward in business task force, a forward in business strategy. Basically, we are trying to facilitate connections for people who have business ideas who are part of the dawang and part of the agreement. We at executive office can help connect them with the right sorts of people. We can refer them to the IBA. We can pay out of trust funds for consultancy assistance that they might need for clarifying their ideas, for travel that might be necessary to look at, say, a piece of

earthmoving equipment that needs to be purchased and for those sorts of things. I guess we are a bit of conduit between our dawang and other service providers to help get business up and running.

The second discrete area is that we are about to establish Gelganyem Business Enterprises, a commercial arm that will have a focus on developing and maintaining profitable businesses, not specifically for Aboriginal types of industries but also for encouraging more employment of Aboriginal people and building more business skills in Aboriginal people.

CHAIR—What will be the guiding philosophy in terms of what enterprises you start?

Mr Downie—Tim and Keren—and I am worried about taking up their time—will talk about Argyle's initiatives, but certainly the partnership between the Argyle diamond mine and Gelganyem Trust will lead to opportunities. That may be in earthmoving, on site catering or just Gelganyem buying a grader and setting up a contracting business that fills a role in the operation of that mine with Argyle's encouragement, either in a small business model—which is being done, in fact, down there—or on a larger scale. Those skills can be transferable to other sites as well.

CHAIR—Maria, could you briefly describe your business?

Mrs Morgan—I run a four-wheel-drive tour business. We have been operating for about 15 years this year.

CHAIR—How many people do you employ?

Mrs Morgan—Four to six when we are on country, which we do quite a lot of because we cover the whole Kimberley region. We pick up people who are on country and we take a back seat and then they do the guide work, dancing or whatever. So we share financial benefits and we share the chance to work with visitors and teach them about our culture. It also helps to bridge the gap when people do not really know about Aboriginal people. We expose them to people and communities so that they can see the other side of Indigenous Australia, I suppose.

CHAIR—Do you do the paperwork for the business?

Mrs Morgan—I do some of it. There is a guy in Perth who is doing our books. I am not a bookkeeper and I have never liked doing bookkeeping—I will be honest about that. Whenever we would apply for loans and stuff, we were always told that we should be bookkeepers and that we should be able to do that side of it. I have always said that there are a lot of non-Indigenous people who buy the services of somebody else to do that side of it. We have a basic understanding of it, and we can talk to somebody about book work, what is expected and so on. Yes, it has been a good learning thing for us over the years.

CHAIR—A lot of the evidence we have received describes a difficulty, I guess, for Indigenous businesses in terms of getting those business skills. Has that been your experience?

Mrs Morgan—Yes. We have had the skills; we were born with the ability to know our culture and to show Australia to our visitors, whether they are from here or not. Being in business is

something that is totally new. For the first four years we had people come and not so much hold our hand but take over our business. We found that that did not work, because whenever mistakes were made they would tell us, 'You made the mistake.' We would wonder how we made the mistake and where we made it, but we were never told.

So after a while they sort of eased out. We said, 'Look, we'll learn ourselves through trial and error,' and that is what happened. We had to learn where and how we made mistakes and try to overcome them. We found that to be really helpful for us. It is a hard process to get to being able to run a business, of course. Also, it was really hard for us as a business because we had no other Indigenous person who was in the same type of business who we could go to and say, 'How did you start?' There was no-one around, so we went to non-Indigenous operators. There was a company in Kununurra that mentored us, in a sense. Whenever I had problem, I would pick the phone up and ring Norma Wainwright and say, 'Norma, I've got this problem; how do I overcome it?' or, 'What should I do?' She would give me advice and we would adapt that advice to suit our problem at the time.

Ms REA—On that basis, in a couple of the sittings that we have had, we have talked to people who run incubators or hubs particularly to support Indigenous people setting up in business. Did you have access to anyone like that, or did you talk to the IBA at any stage? Were they of assistance? How did you fund the business in the first place?

Mrs Morgan—It is a long story.

Ms REA—That is fine. We will hear it from you another time.

CHAIR—What we might do is leave two questions standing for both of you. We will ask the secretariat to follow up with you and get something in writing, which can then form part of the formal evidence of this inquiry. For you, Maria, we are really interested in—the question that Kerry just asked—your knowing that you had something to produce or sell and had a market to sell to and, particularly, how you overcame the business hurdles. I think we are really keen to learn about that and we will follow up with you on it. Rick, you have spoken about what sounded to me like a bit of a business incubation function that the Gelganyem Trust is performing. We would like to hear a bit more about that and what advice you might have for government as to how government could better foster those kinds of business incubators. We will leave you with that sort of homework to send to Pauline. Thank you for doing that very quickly. I am really sorry about the shortness of time, but we have been cut a bit short because of the flight arrangements.

[1.38 pm]

VIJ, Ms Keren, Superintendent, Community Partnerships, Argyle Diamonds

O'NEILL, Mr Timothy, Manager Regional Participation, Argyle Diamonds

CHAIR—Do you wish to give any additional information to the committee about your attendance here today?

Mr O'Neill—My portfolio includes Indigenous business development associated with our agreement with the traditional owners.

Ms Vij—The focus of my work has been on part of the obligations within the land use agreements, which focus on Aboriginal businesses and contracting.

CHAIR—The committee does not require you to speak under oath, but you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. With that, would you like to start by making a brief statement? Again, we really apologise for the shortness of time. We may do a similar thing in following up with you and getting some of your evidence in writing. However, perhaps you could start with an opening statement and we will fire at you what questions we can.

Mr O'Neill—Argyle, through an ILUA with the traditional owners, has an accompanying management plan agreement. That management plan agreement includes an Indigenous business development set of protocols that we operate to, which really is about us trying to encourage the traditional owners to pick up opportunities for developing businesses associated with the mine. We have been three years in operation now. I guess the big part of that work through our Indigenous business facilitator is to try to identify opportunities within the mine site where we can match up small businesses with opportunities on our mine. Essentially it is about trying to do that.

To date, we have nine Indigenous contracts operating at the mine. That has started. We had one contract three years ago and it has expanded since then. Those businesses are all relatively small. We are now engaged in discussions with the Gelganyem Trust in relation to trying to explore a more medium-sized opportunity. It is just through our commitment under the ILUA that we are pushing hard to try to maximise the economic inclusiveness of the local traditional owners in our region.

Ms Vij—My remarks will probably be based on Tim's comments. I perform the role of the Indigenous business development facilitator. My role has been partially internal as well as external with our stakeholders. The role was established for the first three years of our agreement. The role also involves a part in the business development task force, which is a jointly created group of people who meet to try to accelerate opportunities on the mine site. The focus has been mine based business opportunities and trying to accelerate those.

CHAIR—In the paperwork we have been given, there is a description of, I think, 'transferring to the Kimberley'—trying to have more of your workforce based here and not fly-in fly-out. Can you describe why that is of benefit to the mine?

Mr O'Neill—We have a localisation arrangement whereby we have targeted 80 per cent local employment and 40 per cent Indigenous employment in our mine. We will achieve that by 2011, at the commencement of our new underground mine. The benefits to us—and we have already reached 65 per cent local employment—are that we have a local, committed workforce. We have been able to train up a lot of local people. So we believe that we have greater commitment and we also believe that there is lower turnover associated with a local workforce. This goes hand in hand with our commitment to the region, in that we have operated the diamond mine here for many years and insufficient benefits have been delivered back into the region. So, in terms of transforming the asset—the ore body—into something tangible for this region, some of that is around employment and some of it is about business development. We just think that part of our focus is on delivering more back into this region. It makes good business sense for us.

CHAIR—That is the question I am interested in. Why do you care? Why does it make good business sense for you?

Mr O'Neill—I guess we can go to hard-nosed dollars and cents. I believe that the commitment that Argyle has made to the region was instrumental in the state government working with us to help us get approval for the underground mine. That helped us to secure a future. It has enabled us to build a future through to at least 2018, with our underground mine.

Mr KELVIN THOMSON—So the state government wanted you to localise the workforce—was that a driver for it?

Mr O'Neill—I think the state government saw value in the fact that we had gone down the path of localising. I think the state government opened the doors to discussions when we went to talk to them about how we could make this mine viable.

CHAIR—If we are trying to draw lessons for public policy, is the desire to have the mine localised the lesson that we draw from this, in terms of how government should relate to other mines around Australia?

Mr O'Neill—I think each case is on its own. I think, in our context, it made sense for this region. I could not comment on other places.

Mr KELVIN THOMSON—Are you on track to get to 80 per cent by 2011? Do you think you will get there?

Mr O'Neill—Yes. We are currently at 65 per cent. We have 25 per cent Indigenous employment, which in mining industry terms, I think, stacks us out there at the front of the queue. The other pieces of work that are happening at the moment to get us to that 40 per cent is that it is not just about recruiting; it is actually about developing people. So we are going through processes now to develop people so that they can move through the organisation. We have Indigenous people at all levels in our business. So we are well down the path on that journey.

Mr KELVIN THOMSON—It is a question of having the HR people knowing that this is the target and, in terms of their recruitment practices and training practices and so on, they are working that way. Is that the driver for it?

Mr O'Neill—Certainly, our target has been up in lights all the way through from when we started this. In the earlier days, it has meant having to develop alternative recruitment methods. The old internet based recruitment systems and formal systems have not worked, so we have developed more broadly than that. Like everyone, we are still—I think that is probably one of the things that make us stand out—a learning organisation and we are learning as we go about better HR practices that are more Indigenous friendly.

CHAIR—How do you deal with the training side of it? Getting people into a work ready state seems to be an issue that has been raised a lot in the evidence that we have heard. That seems to be a problem that you are solving better than others. Is there a secret in that?

Mr O'Neill—Commitment. We have a partnership with DEEWR and it has been in place for 3½ years now. Through that partnership, we have made a solid commitment to training and development. At any one time we would carry approximately 75 apprentices and trainees. Again, in an industry that is struggling with getting skilled people, we are developing our own. Our local people are getting trade qualifications, coming out and working for us, and one day they will be the leaders of our business. It just makes a lot of sense to us.

CHAIR—In terms of business development, as in people contracting to you, do you provide any assistance in making those businesses business ready, if you like? Do you provide any assistance in terms of the bookwork and the business of doing business?

Mr O'Neill—I think we would describe ourselves as more of a facilitator. The first thing we look to is opportunities, so that is the first bit. The second bit about readiness is about helping to facilitate people through to who are the people you should be talking to. I think that is very much a role played by Keren—to point people in that direction of who can help you to develop your business plan; who can help you to set up your business structure? We have a lot of contact with IBA in terms of channelling people and other organisations. Certainly Gelganyem itself has a strong business development arm to it. I think big parts of that are, firstly, opportunities and, secondly, facilitation or assistance for people to navigate through the set-up phases.

There is another aspect to that, which is some form of coaching. There are lots of support mechanisms out there in terms of your IBAs of the world and helping people to get business plans. Our observation is that some form of coaching is the other bit—certainly a coaching model that is not based around doing things for people but helping people to do them themselves. I think a model with existing support mechanisms plus some coaching would go a long way.

Ms Vij—We also recognise that a supportive post-contract award process is instrumental in that business getting off the ground. A lot small businesses do fail in the first few years of starting. It is about being able to fill their contract and be coached instead of waving the finger when things do not necessarily happen the way that they should post contract. That is not doing the business for them, but it is actually providing the support and the guidance post contract.

CHAIR—I think we have hit our mark. I wonder whether we could follow up with you and perhaps get some more in writing. It really is that last area which, if we had time, I would like to explore. That is, I guess, talking about your experiences of getting those businesses going—what work in more detail that you do in terms of the coaching. But also am I right in saying that what you will do, Keren, is to look at which programs are out there in terms of IBA and other government areas that can be accessed by these businesses? Have I got that right?

Ms Vij—From our perspective, there is no point in re-inventing the wheel. If there is a government agency or any other specialist out there that we can tap into, then we would. There is no point in duplicating that. It is a matter of trying to get something that works in getting that person to a point where they can tender and they can actually, post tender, fulfil their contractual obligations.

CHAIR—That means, from your experience, you must have opinions about the effectiveness of those government programs.

Ms Vij—I have had positive and not so positive experiences.

CHAIR—We would love to hear of them.

Ms REA—We would like to hear of both.

CHAIR—To the extent that you feel you are able to, that is exactly the information that we would like to get. Can we perhaps leave it at that but ask Pauline that we follow-up and get something in writing from Tim and Keren around those areas?

Mr O'Neill—Yes.

CHAIR—I apologise for the time; it is more to do with the flights than our previous witnesses. One of our members has not been able to be here. Even though he was at the airport before the plane—

Ms REA—They are all overbooked. They are really tough about boarding.

CHAIR—Thank you very much for that.

Resolved (on motion by **Ms Rea**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.52 pm