



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

Reference: Developing Indigenous enterprises

THURSDAY, 4 SEPTEMBER 2008

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

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

Thursday, 4 September 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 Abbott, Ms Campbell, Mr Marles, Ms Rea, Dr Stone, Mr Kelvin Thomson, Mr Trevor, Mr Turnour

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

DAVIES, Dr Jocelyn, Principal Research Scientist, Commonwealth Scientific and Industrial Research Organisation.....	17
DAVISON, Mr Gregory Joseph, Indigenous Engagement Officer, Commonwealth Scientific and Industrial Research Organisation.....	17
HARVEY, Mr Bob, Group Manager, Indigenous Group, Department of Education, Employment and Workplace Relations	1
JAMES, Mr Glenn Alfred, Anthropologist, Commonwealth Scientific and Industrial Research Organisation	17
SAKKARA, Ms Mary-Anne, Branch Manager, Indigenous Group, Department of Education, Employment and Workplace Relations.....	1
STEVENSON, Ms Lynne, Branch Manager, Indigenous Employment Program Branch, Department of Education, Employment and Workplace Relations	1
STRELEIN, Dr Lisa, Director of Research Programs, Australian Institute of Aboriginal and Torres Strait Islander Studies.....	10
WALKER, Mr Kenneth James, Indigenous Engagement Officer, Commonwealth Scientific and Industrial Research Organisation.....	17

Committee met at 12.20 pm

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

SAKKARA, Ms Mary-Anne, Branch Manager, Indigenous Group, Department of Education, Employment and Workplace Relations

STEVENSON, Ms Lynne, Branch Manager, Indigenous Employment Program Branch, Department of Education, Employment and Workplace Relations

CHAIR (Mr Marles)—I now declare open the public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into developing Indigenous enterprises. This is the sixth public hearing that the committee has undertaken for the inquiry into developing Indigenous enterprises and we welcome the witnesses who are with us today—thank you for coming. 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 to ask for further details about the inquiry or the transcripts please ask any of the committee staff here and they will assist you.

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. I invite you to give a brief opening statement and then the committee might ask you some questions.

Mr Harvey—I do apologise that we have not yet given you a written submission, but after this discussion we will provide one. From the available data—and I am sure you would have seen the available data—Indigenous self-employment is a lot lower than is the case for the rest of the population. About six per cent of Indigenous people are in self-employment compared with 17 per cent for the rest. The other interesting thing is that statistical data would suggest that as you move away from built-up areas to more remote areas there tends to be an increase in self-employment—but the reverse happens with Indigenous people. Those are important statistics, which I am sure you all would have seen.

CHAIR—Take your time. I feel like I have put you on the spot.

Mr Harvey—The Australian government is committed to closing the gap, and I am sure you are all aware of the Close the Gap targets that the government has set. One of the key areas in this space is closing the gap on Indigenous employment within a decade.

The other thing that is very important is that any activity around entrepreneurship will assist to close that gap. DEEWR has a number of programs that it currently administers that contribute to Indigenous entrepreneurship and will also contribute to overcoming what we believe is the disparity between Indigenous and non-Indigenous areas. This support is focused around a whole range of activities—and I will talk about those—from business planning through to creation and operation as well.

The key program which DEEWR operates is the Indigenous Employment Program, and under that are two main streams. The first one is Indigenous employment, which includes programs such as the structured training and employment program. That has had a lot of success; it works very well in terms of how we work with employers across Australia.

The key area in your inquiry is around business development. We have three key programs. The first one is Emerging Indigenous Entrepreneurs Initiative. We refer to that as EIEI, so if I slip into the jargon you will know what I am talking about. Under EIEI, the Emerging Indigenous Entrepreneurs Initiative, last year \$4.8 million of funding was provided for initiatives. Under another one, the Indigenous Small Business Fund, the ISBF, there was \$6.8 million. There is another small program called the Indigenous Capital Assistance Scheme, and under that \$405,000 was provided last year. I will go through each of those programs.

CHAIR—Did the EIEI have a different name? We have in our notes the Indigenous Business Development Program. Is that the same thing?

Mr Harvey—No. The Indigenous Business Development Program could possibly be the Indigenous Small Business Fund—

CHAIR—No.

Mr Harvey—or it could be a generic name. It is probably the program that IBA, Indigenous Business Australia, runs.

CHAIR—We do have three schemes described in our notes. Please keep going.

Mr Harvey—The other thing is that all of these programs have been successful in stimulating entrepreneurship and getting Indigenous people into programs. The mainstream program that exists is the New Enterprise Incentive Scheme, NEIS. There has been little take-up of that by Indigenous people, but I will talk about that later on.

We have learnt lessons from the whole process of putting Indigenous business in place. One is that Indigenous people face multiple barriers around financial literacy, access to assets and also geographic isolation. But with the development and continuation of these programs we have been able to identify and tackle some of those issues. One of the things we find critical—and this is not just for Indigenous people—is that, importantly, if people get employment experience it puts them in a lot better position in terms of participating in programs. Equally, if we give support, particularly culturally appropriate mentoring support, that leads to success as well. So, firstly, if people get experience in employment and then move on to business and, secondly, if we provide mentoring support, they have a better chance of succeeding in business

We had some reviews in 2007 by the Office of Evaluation and Audit, which deals with Indigenous programs. They reviewed both the Indigenous Small Business Fund and the Indigenous Capital Assistance Scheme. Both programs were seen to be successful in providing financial assistance to eligible Indigenous businesses. They did this evaluation work basically through telephone surveys.

They found that half of the community organisations—ISBF, the Indigenous Small Business Fund, is provided to them—were involved in receiving funding and also employed Indigenous people. They created employment opportunity. About one-quarter of them employed more than four people, so not only do you get an individual establishing a business but you get an opportunity for employment as well.

The other thing that the government is doing at the moment is reviewing the IEP—the Indigenous Employment Program—as part of the review of the Community Development Employment Projects and the IEP. That discussion paper has gone out. This is a copy of the discussion paper. I am happy to leave you with comments on that. We have gone out for a round of consultations. Some of the feedback that has come back to us is that, in terms of growing entrepreneurial activities, access to microfunding and grants can be an issue. The initial subsidisation and incubation is critical, given the level of disadvantage faced by Indigenous people.

Creating the level playing field, access to expertise that can assist people in growing Indigenous businesses, the importance of mentoring, the importance of joint venture support so that you get other businesses or government working with Indigenous businesses and the importance of networking are some of the things that have come through that. The government is currently reviewing those consultations and looking at directions forward for the Indigenous Employment Program and the CDEP program. The government in the near future will come out with a directions paper on that, and it will be the basis of consultations later in this calendar year.

I am now going to quickly talk to each of your terms of reference and give you some feedback from the department's perspective. Your first term of reference was whether current government, industry and community programs offer specific enterprise programs and services to Indigenous people and if they are effective in building sustainable relations with the broader business sector. I will start with the Emerging Indigenous Entrepreneurs Initiative. It basically supports economic development, business skills and financial literacy for Aboriginal and Torres Strait Islander programs. As of 30 August, there were something like 54 EIEI projects across Australia. Included within this are a number of other things that we do, so the projects can, for example, include Indigenous economic development officers. We fund, either by ourselves or in partnership with state and territory governments, Indigenous economic development officers across Australia. I can provide you with more detailed information on those, but we work quite closely with the NT and Queensland governments and have placed economic development officers in a number of locations. In total we have, I think, 35 Indigenous economic development officers across Australia, and they are working in a whole range of areas. Some specialise in driving initiatives with mining companies; some specialise in driving initiatives with the arts industry.

The other thing that we are running with is the creation of what we call business hubs. Business hubs are basically assisting Indigenous businesses with starting up. We have had a particular initial emphasis in the NT, where we have four business hubs—in Nhulunbuy, Alice Springs, Darwin and Tennant Creek. The idea of those business hubs is probably not unfamiliar if people know of a business hub in Victoria called Darebin. We have used them as consultants to assist us in establishing the business hubs in the NT. What you basically do is set up a virtual service where you interact and work with businesses to help them emerge and establish.

With the one in Nhulunbuy we have a particular focus on growing the tourism business. Nhulunbuy is down the road from Yirrkala. Yirrkala is where there are tourism activities occurring. It is about half an hour from Nhulunbuy. You find that, with the large mining town there, there are opportunities to grow Indigenous tourism, so we are looking at that. But in the case of Alice Springs, Darwin and Tennant Creek, there is a whole range of businesses developing.

In the case of industry specific initiatives, I can give you one example of where we are trying to grow a bush food business in Victoria, in the Bulla and Macedon area. That has actually been grown out of the Darebin business incubator. We are looking at key opportunities to grow that specific, bush tucker type industry. But there are other examples, and I spoke to you before about them, with tourism and there are also opportunities in the mining sector—and I will talk about those a little bit more—in forestry and in the arts. In recent times, in the case of Titjikala, we have looked at getting a number of women artists from that community and taking them across to Brisbane so they can look at how an arts centre operates and we can try to stimulate that opportunity.

Industry partnerships are critical as well. We are working with business and industry to assist the growth of Indigenous businesses. We are working with the Western Cape Chamber of Commerce to look at how we can grow and create Indigenous businesses. We also run a range of workshops. A recent one was in Nhulunbuy, in partnership with Rio Tinto and FaHCSIA. We have a whole range of Indigenous community leaders working with the Australian Graduate School of Management at the University of New South Wales to stimulate business skills and business activities. The other thing that we are doing is that we are looking at the success of the program and getting feedback about the program. It is a relatively new program.

CHAIR—Mr Harvey, I am a little conscious of the time. Will what you are about to go through now be in a submission to us?

Mr Harvey—Yes.

CHAIR—We have two other witness groups that we have to get through before question time in the House. We will ask you to put that in a submission so we can get some time now to ask you some questions, if that is all right.

Mr Harvey—Sure.

CHAIR—I wish to ask a couple of quick questions about what you have talked about so far. I refer to the Indigenous economic development officers. Are they largely located in the business hubs that you have just described?

Mr Harvey—Not necessarily, because we have got only five business hubs and 35 economic development officers. They tend to be attached within our own offices, within a chamber of commerce or wherever.

CHAIR—But do some of them work in the hubs?

Mr Harvey—Some do.

CHAIR—So the primary goal of the Emerging Indigenous Entrepreneurs Initiative is to try to promote economic literacy? Have I got that right?

Mr Harvey—Yes. It is to promote economic literacy and skills, but it is also to assist with the development of the emergence program.

CHAIR—So it is trying to be an incubator.

Mr Harvey—It can be an incubator and it can just assist with advice, so it involves a range of things that it is trying to do to help Indigenous enterprises emerge.

CHAIR—I refer to the Indigenous Capital Assistance Scheme. Did this begin with Westpac?

Mr Harvey—That is correct. It is still with Westpac.

CHAIR—Please explain what role you have with it.

Ms Stevenson—We actually manage the program. There are different components to the program. We have an interest rate subsidy which is paid over three years. Potential Indigenous business owners also have access to finance so that they can get some initial business planning done and have some assistance from an accountant to start up the business.

We have a contract with Westpac. Westpac manages all of the commercial and the loan side. We do not pretend to know a lot about finance and managing that side of it. We are in partnership with Westpac and they have champions all around Australia who help to promote the program. When we have someone who might be interested, they will talk with a Westpac champion. They will see whether it suits their needs. They can come to us then for some kind of reimbursement if they are going to do a business plan or get some accounting assistance and then they will apply through the loan system with Westpac.

CHAIR—They are cheaper loans because of the subsidy. Are they easier to qualify for?

Ms Stevenson—No, they still have to go through the commercial hoops with Westpac. What we try to do with the additional subsidy and helping them to get business planning and accounting assistance is to help them become much less of a risk in then applying for the Westpac loan.

CHAIR—Is there information about how successfully the loans are repaid?

Ms Stevenson—We do keep documentation on that and we can certainly get you information.

CHAIR—Any information or stats around that that we could get would be useful—numbers of loans given out, how large they are and the success of repayment.

Ms Stevenson—Definitely. We currently have around 49 loans approved to 29 businesses. That is valued at \$6.5 million since it began. We can certainly give you some aggregate stats in terms of repayments and things like that. We do get them regularly from Westpac.

Ms REA—I wanted to ask what the advantage of that particular system is. Why you would you be assisting people through that versus the IBA? What is the particular advantage of the Westpac scheme?

Ms Stevenson—I think they both have merit. IBA is with another portfolio, so I cannot comment on the success or otherwise of that. Our point of view is that the Commonwealth should not be primarily responsible for managing finance and loans. The best way to get Indigenous businesses to be financially literate is to have them connect with the commercial world rather than them going through some kind of interim arrangement or a Commonwealth backed arrangement. It is a way of us being able to give them support as they go into the financial world.

Ms REA—I am also interested in what Westpac is doing from their side.

Ms Stevenson—What do they value add?

Ms REA—Yes.

Ms Stevenson—They provide a lot of support by having Westpac champions. Westpac champions have been trained up by Westpac and us and they are specifically across the ICAS program. We have a list of the champions. A potential Indigenous business owner works closely with the champion on all the elements needed to get their business up. It is not just going through the door of the bank and dealing with whomever you happen to get. Champions have gone through cultural training.

Ms REA—Thank you.

CHAIR—With respect to the Indigenous Small Business Fund—they are grants, is that right?

Ms Stevenson—They are grants, not loans.

CHAIR—Again any statistics that you have around the number of those that have been given would be useful.

Ms Stevenson—Yes, definitely. In this last year we had 171 new ISBF projects, but we can certainly get you some information on that as well.

Mr TURNOUR—I am the member for Leichhardt, so Cairns, Cape York and the Torres Strait are in my electorate. Do you fund the Balkanu business hubs?

Mr Harvey—We have in the past been involved in contributions to Balkanu, yes.

Mr TURNOUR—But you are no longer?

Ms Stevenson—I think we might still be contributing to Balkanu, but we will check that.

Mr TURNOUR—I would be interested in that. I am also interested in—you might want to take this on notice—particular models of business. Is there any information about the success

rates of the investments or interactions which you have with businesses that are more community owned, family owned or individually owned?

Mr Harvey—We generally would not collect information about that. The ISBF tends to deal with community based organisations, so we would be influenced by that. I suggest that Indigenous organisations have the same success and failure rates as other organisations. There are all different types of structures. One of the challenges when you get to remote areas is the higher level of disadvantage faced by Indigenous people in exposure to business operations and business opportunities. Any sort of analysis could be challenging, but there is no reason why we cannot look at what is available. In terms of the programs we run, ISBF is focused on community business organisations. We also look at individuals.

Mr TURNOUR—So if you were a non-Indigenous commercial partner wanting to work with an Indigenous partner but you had more than 51 per cent you would not fall within that as an ISBF, for example? Do you see what I am getting at in terms of the different models?

Mr Harvey—Yes, but we can still fund an Indigenous organisation to go into a partnership with another organisation. We just look at the community organisation and at its business case and then we make a decision. They can set up any other arrangements or alliances that they like to set up. Our interest is in assisting and part of the work we do as well is to basically look at the financial viability of the system to grow. We do not stop any sort of arrangement that an Indigenous organisation might want to enter into.

Mr TURNOUR—And you are funding individual Indigenous families or partnerships within more traditional non-Indigenous models of business?

Mr Harvey—We can fund those, yes.

Mr TURNOUR—You do not fund the tourism mentoring program that is running at the moment. That is the department of tourism, is it?

Mr Harvey—No, that is separate.

Mr TURNOUR—What mentoring programs do you have or do you bundle mentoring into the work that you do in general?

Mr Harvey—We bundle it in. We see mentoring as critical. When an Indigenous Small Business Fund package is designed to suit the enterprise or the initiative that is being pursued we encourage them to build in mentoring.

Mr TURNOUR—One thing we are looking at is evidence based policy. You say mentoring is good. What framework have you got for assessing what is successful or not successful in terms of policy development? How do you judge whether mentoring is successful in terms of funding it? You mentioned business hubs and models of business. I am interested in the assessment criteria in terms of evidence for different models of business. What have been the things that have made them successful or unsuccessful?

Mr Harvey—We can provide you more information on the assessment we make. You tend to make a business assessment about whether an organisation is likely to be financially viable. On the basis of experience, and that is drawn up from evidence, we then fund a business. All we know from experience is that mentoring is important and we draw on what might happen internationally as well.

Mr TURNOUR—When you have an incorporated organisation, do you assess some of the capacity issues within that organisation?

Mr Harvey—We do. We rely on an assessment being done by a business expert. We fund financial viability assessments.

Mr TURNOUR—I can assess the financial viability of a business, but effectively when you are funding an Indigenous community organisation you are not funding a traditional business, whether it be mum or dad or a partnership—

Mr Harvey—I understand that, yes.

Mr TURNOUR—you are funding an organisation through a collective approach, I suppose. I am interested in how you assess the capacity of that organisation and whether you have some criteria. Is it whether they have a good track record and that is the experience?

Mr Harvey—No, it is a lot more sophisticated than that.

Mr TURNOUR—I would be interested in some information on that.

Mr Harvey—Okay.

CHAIR—I am sorry about the shortness of time. My question is probably around the same issue as Jim's. It is really a question on notice to think about as you write your submission. Obviously, you are thinking about it, because I think you already said it in your opening statement. There are two things. One is the extent to which not having significant economic literacy is a barrier for Indigenous economic development and how we overcome that. You highlighted that. The other thing is as Jim said: how do we tailor what we provide to Indigenous culture and how do we tailor business models around Indigenous culture? Does that make sense?

Mr Harvey—Yes.

Mr TURNOUR—And what is successful and not successful. I am interested in how you evaluate that and in what evidence based criteria you use.

CHAIR—I say that because these have been recurring themes with a number of witnesses. Having heard what you do, clearly you would have insights into that, so we would be keen to get your views.

Dr STONE—I will mention one of the things that concerns me and that other submissions have been about. I think it is terribly important that we do not add onerous layers to participation in lending for business, or to business contracts or to compliance, because you are an Indigenous

participant compared to non-Indigenous business support. Sometimes people say: 'It's in their interest because they're less likely to have business experience. We can put in more mentoring or whatever.' I think it is very important that we are able to have demonstrated to us that the levels of special means—support, regulations or whatever else—are really helpful, not a further barrier, a further hindrance, with too much red tape or more red tape than is necessary.

CHAIR—Yes. Picking up on that, perhaps in providing the report if you could talk about the regulatory compliance which is required in your programs.

Mr TURNOUR—I have just one more comment, Chair, which will maybe help you flesh it out. One of the things that I am aware of and have thought about is that often Indigenous organisations are a manifestation of fitting within our view of the world. In a native title determination they tend to come together, but there are obviously family groupings within that. Sometimes I think that we should look beyond the incorporated organisation to potentially do work with some of the individual families around the organisation. I am not sure whether you do any assessment or evaluations of that.

Mr Harvey—We do.

Mr TURNOUR—You often then get away from all of the politics that are involved in the organisation and really work with individuals. There can be conflict around that, but it may be a more successful model in some situations.

Mr Harvey—In summary, we look at the opportunities to drive a business opportunity within a council, within a group and with an individual. We have had significant success working with individuals. So we are aware of the structures that exist but we are also trying to grow a business within a community organisation, with an individual or with an alliance—with whatever is put in place.

CHAIR—Thank you very much for coming today and giving us your time—in difficult circumstances, as it turned out. We have thrown a bit at you there, but we will really appreciate the submission when it comes. We will authorise the secretariat to follow up with you on some of the questions that we have raised.

Mr Harvey—It would be a pleasure to come back once we have put the submission in, if you want to talk further. Thank you.

[12.54 pm]

STRELEIN, Dr Lisa, Director of Research Programs, Australian Institute of Aboriginal and Torres Strait Islander Studies

CHAIR—Do you have any comments to make on the capacity in which you appear?

Dr Strelein—I am the Director of Research Programs at the Australian Institute of Aboriginal and Torres Strait Islander Studies. I am here to represent some of the research that we have conducted both through the AIATSIS native title research unit and as a partner in the Agreements, Treaties and Negotiated Settlements project with Marcia Langton at the University of Melbourne. My views will be those informed by my research and are not necessarily those of the AIATSIS council.

CHAIR—Is AIATSIS a part of a university?

Dr Strelein—No. It is a Commonwealth statutory authority specifically for research related to Indigenous studies.

CHAIR—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 the parliament. Having said that, would you like to make an opening statement? We may then ask you some questions.

Dr Strelein—Sure. I would like to begin by acknowledging the Ngunnawal people, on whose land the federal parliament is placed. The submission focuses on a couple of research projects that we have been undertaking at AIATSIS as part of our native title program. The first one, which we have been conducting over the last 18 months, is in relation to taxation and native title. It grew out of some difficult issues around conceptualising what native title property actually is and how it should be treated for taxation purposes. That raised a whole lot of issues about the kinds of incentives that tax creates for the way that businesses are structured, particularly in the native title sector, so we have recently been doing a lot more work on issues around corporate design.

One of the factors with the raising of awareness within the native title sector, with prescribed bodies corporate and with native title representative bodies is that access to more information has led to much more creative use of available legal and corporate design mechanisms. One of the things we find in the native title sector is that a lot of the advice is centred around claims management. Native title bodies are finding that they are being asked to provide a whole lot of new forms of advice and support to the native title claim groups and native titleholders in relation to business development and financial advice. We have been working with the native title representative bodies to try to work through some of those issues and to do what we can in terms of research and getting access to experts. We have had some success with a pro bono panel of taxation lawyers whom we have been working with to get some technical tax issues sorted out for native title groups and their businesses.

The other project that we have been running is specifically in relation to PBCs. Prescribed bodies corporate are established as a corporation to hold and to manage native title, but not a lot of effort has gone into working out what the business of running a PBC actually is. We got all of the PBCs together for a national meeting about 18 months ago and talked to them about their aspirations. Prior to a determination, obviously a lot of the emphasis is on getting through the claim process. It is incredibly difficult. When we sat down with the ones who had been through that process and got to the other end, we said, 'What are your aspirations for your PBC and for your group?' Most of them identified not just economic development but also business development—developing small businesses, developing large businesses for the community and supporting the group members in establishing their own businesses and becoming independent in their own right.

The other work we are doing, particularly with some of the PBCs we have been working with, including those in the Torres Strait, is to look at new planning models for business. We have found that a number of groups are going through what we would call 'strategic planning and visioning' type planning without really getting down to the nuts and bolts of due diligence and financial planning—getting to the brass tacks of what it takes to run the businesses that they aspire to run. One of the interesting things about business planning with native title groups—there was some discussion about this earlier—is the cultural and communal nature of groups.

PBCs and native title groups wanting to do business are, I guess, the quintessential corporate business. If the PBC is running a business, it is in their constitution, and it is in the Native Title Act, that they must consult with their members about decisions, so it imprints the community on that business and those activities distinctly. We are looking at what impact that has on how business planning is done, and we are in the middle of that project at the moment. I might leave it at that and invite questions.

CHAIR—I would like to pick up on that last point. Is the requirement to consult an impediment to business? Or does that help business? What kind of business does that drive?

Dr Strelein—I would say that native title in itself can be a business driver. Unfortunately, though, native title is particularly uneconomic in the way we have designed it. Most determinations say that native title rights and interests cannot be exercised for commercial purposes. The right to negotiate and consent do not necessarily lend themselves to a strong economic position as a native title holder when you go into negotiations. That being said, it has provided a lot of engagement with the economy, particularly with the right to negotiate a claim to the mining industry, which with the mining boom has resulted in some really strong partnerships and business development.

I think there needs to be more work done on what Indigenous accountability is in terms of looking at other models of triple bottom line reporting—and perhaps this is a different kind of triple bottom line reporting—and trying to build on that. Businesses can cope with diverse aims that are not necessarily purely profit driven. When talking about Indigenous business, there is often discussion about the fact that you need to separate the cultural issues from the business issues and just go for the business. People find that they are not necessarily able to separate those two worlds. So coming up with models that actually allow that in the way that we talk about business planning would be worth a bit more thought and a bit more emphasis.

Ms REA—That is a really interesting point. I have spoken to some representatives of the Wik people up in Aurukun who, I think, are currently trying to negotiate with Chinalco around the lease up there. One of the issues they have raised is legal access to resources or funds that enable them to have legal representation at the level Chinalco would have. Firstly, you have the cultural and business issues trying to either connect or separate. Secondly, there is David taking on Goliath in terms of access to legal expertise and having confidence that you have people representing you that are going to be able to get the best deal or negotiate the best outcome on your behalf. It is one of the issues, I guess, that we are going to see more and more. Would you like to comment on that?

Dr Strelein—As I said, in the conversations that we have had with native title representative bodies, who I work with quite closely—so this is particularly in the native title context—access to good advice is expensive and they cannot afford it.

Ms REA—In general, yes.

Dr Strelein—The rep body sector is primarily funded for claims resolution, not for native title business and development. That is still the government's priority in terms of getting resolution claims. What has been happening is that in that negotiation process you might rely on the person on the other side of the table to provide you with the resources and advice. What we have seen in some of the work we have been doing on tax is that a lot of the structures that have been established in the past to manage native title benefits have been designed specifically for that agreement. You get this proliferation of corporations and trusts—because the expertise is on the other side of the table, so they are obviously going to invest in outcomes that are specific to their needs.

In negotiations with the state there have been a number of examples where Indigenous people have signed up to big agreements. A lot goes into negotiating those. There is a lot of heat at the end of the agreement. A lot more stuff goes in. There is no due diligence about what it is actually going to take to run that corporation. Even big corporations like the Miriuwung Gajerrong Corporation or the Eastern Kuku Yalanji native title group are being put under real pressure because they signed up to do all this stuff and they do not have the resources to run it because there was no actual business planning process. This is now a business; you have to run this business. What they have been finding is that the emphasis then goes on the social and economic development sides, and they are not really getting that space in which to be creative about the potential commercial opportunities that are before them.

Dr STONE—From what you are telling us, it is about the way that the native title law has been structured and the way we have resourced, as you say, resolution of title matters and the way we have not sustained native title in a way that is of great economic, social and cultural benefit to the TOs. How can we get around those problems without just saying, 'Look, we have to hugely amend the Native Title Act', given that a lot of these native title processes have already happened? We have now got these overcomplex bodies, as you have described them, which require a lot of resourcing to sustain.

Another issue that worries me is this. Often in settlements and communities a lot of people are not TOs; they are from somewhere else. They may be just the people who want to participate in business. But what if we have based all of this on the status of being a traditional owner and of

being part of an actual land rights claim? Is that causing, in your observation, a real problem with people saying, 'You can't participate here'?

I think there was a lot of expectation amongst the Indigenous peoples themselves that out of native title would come, besides cultural security and having their place, economic advantage but that has not been delivered. I am looking very closely at the moment at the great things that could happen with developing bush tucker—this is where people have got big tracts of country and are developing alternative food sources for commercialisation and so on—and art. Yet it seems that we cannot put our finger on any development that could be linked back to a successful land rights claim. It has almost happened despite, not because of, that. It has been facilitated by or enabled through a successful native title claim. So I offer that stream of consciousness. Can you advise us what would be best practice? How could we ensure that enmeshed or embedded in a native title process would be some capacity for people to then use their new title to also become economically self-sufficient?

Dr Strelein—I think there are options. The big answer is that there are certainly options to change the legislation to provide clarity about what Indigenous people can do once they have native title, especially where it is exclusive possession native title. We still have not necessarily resolved what that means. Is it the same as freehold so you can use the resources as you wish for commercial advantage? There are options to be clarified and things to be expanded as to the use that certain Indigenous people can make of their land under native title.

I am not sure that native title in any way precludes resident communities from engaging in economic development opportunities, particularly within towns. I think that there are two separate markets; they are really two separate economic bases. One is the market that comes from having a group of people there and the other is the market that comes from property. The fact that there are people in a community gives you opportunities. I think that one of the difficulties for people, particularly those in remote communities, is that added level of creativity that you need to identify that there is actually a market there. In cities and towns we can look at things and think about setting up a fish and chip shop. You know that there are enough people to sustain a market, that it has worked before and that you do not have to have a lot of sophistication. You can try it out. There is a lot of business failure, but it just takes another level of creativity for Indigenous communities to identify what a potential market is. Also there is certainly a role by which more work can be done to actually link communities to markets. I am thinking here of the Torres Strait Islands. You would think that those beautiful islands, with the glorious fishing, would have great tourism potential, but they are just off the tourism track. How do we link that in a way that is beneficial? So I think there are ways of dealing with connecting communities to markets to build the potential of those markets, which may or may not be connected to the fact that the people own property. I think they are two different capital bases.

Dr STONE—I want to follow up on those comments very quickly. Take Torres Strait as an example. There are islands there which are not inhabited but which are glorious in the way you describe. But, because they are owned by a particular group under the land rights settlement, those who live quite close by who want to start a business there cannot because they do not have the permission of the TOs. They cannot even move or live there, even if they are overcrowded on the island next door. I was thinking of the sorts of constraints where locals might see a business opportunity but have the barrier of not being able to negotiate or get access to a lease because of the way that native title has been established. I am thinking particularly of Torres

Strait, where it was pointed out to me there is a particular community, very overcrowded, on an island within eyesight of another island which is not inhabited. They said, 'If only we could go there.' But it is not their traditionally owned country; it is another group's traditionally owned country.

Dr Strelein—I cannot speak about that example because I do not know about it. But there is certainly potential to enter into partnerships with the traditional owners—getting permission.

Dr STONE—It depends on what you are talking about.

Dr Strelein—The Torres Strait is unique because there are all sorts of amazing overlays of governance in the Torres Strait, in terms of who manages the water and the waste and those kinds of things, that would probably play a role in those negotiations. There is potential for traditional owners, now that they have a level of authority that they have not had in the past, to take that authority and use it. I am not sure that that is an entirely bad thing, but it might be a period of transition.

Mr TURNOUR—I have just one comment. The reality is that if I owned that island people would not necessarily think it was uninhabited, because it would be owned by me in a more traditional sense. If the TOs own it, somebody does own it, and if I wanted to go and move there then I would need to pay for it or do something. I think there is possibly some merit in that. The issue is just our thinking and understanding of what native title is.

I am particularly interested in some of the foundation issues about what makes or does not make a successful business. You have talked about prescribed bodies corporate. I want to get this on the record. My understanding is that effectively we, through the Commonwealth, through native title organisations, fund and support the establishment of prescribed bodies corporate. We assist through the claim process, but once you have a PBC established there is no ongoing support from government for a prescribed body corporate organisation. Is that correct?

Dr Strelein—There is no ongoing support. Some groups have managed to negotiate agreements in relation to their native title determinations that provide for ongoing funding from state governments. That has happened in a few circumstances in Victoria and the Northern Territory. As far as I understand it, it is now government policy that there is no prohibition against funding prescribed bodies corporate—there is just no money. That seems to be the case. So PBCs, for example, last year were able to apply for funding, and a number of PBCs were funded for 12 months to carry out activities. Most of that was done through the representative body, but that means that that money is not available for claim management. This year I understand that the funding for native title is much tighter and that there will be less money available for PBCs as a result of that.

Mr TURNOUR—I take on board what you are saying in terms of exclusivity and what that means. But in many senses the native title that the prescribed body corporate holds does not really give you a lot of rights that would enable you to go out and get loans or do business in any way to create a business sustainably in the longer term in a lot of situations. Is that a fair statement or not?

Dr Strelein—There are still problems with financing against native title. I do not know of any examples where that has happened. That having been said, if there is funding available for infrastructure I do not see why you cannot mortgage against a building, and that really has not happened yet. Obviously native title has only been around for 15 years, so there is still a lot of exploration to do to see what kind of economic opportunities native title actually creates.

Mr TURNOUR—I am interested in your views about whether a PBC is the right organisation to build businesses from or within. I only have my Queensland experiences, but in Queensland, for example, they have established DOGITs in a lot of instances and different titles, which enables councils or others to make decisions about land. Native title is part of the negotiation but a lot of the business activity is effectively carried on through a different title.

Dr Strelein—That is certainly the practice. There are different views about the idea of hiving off the business and economic development side. When you enter into an agreement and you get assets or cash, having a different organisation established to run that business side and keeping the PBC separate from that creates additional drains, as you were saying, because then you have two corporations to run. That is the difficulty that people face. We are doing more work now in terms of looking at corporate design and how best to structure the relationship between PBCs and business.

Mr TURNOUR—Where is that research up to?

Dr Strelein—It is in the early stages. We have basically looked at the kinds of transactions that people are entering into. We want to do a lot more modelling of that. We have looked at the kinds of agreements and benefits. We have looked at the available corporate models. We have also done a lot of work both through the ATNS project—the work that I am doing—and the Minerals Council of Australia on whether there is a corporate model that might be better than what we have to allow for that social and economic development side that is not currently provided for in the corporate structures that we have. There are some documents available and I think there is still a fair bit more work to do in terms of interrogating the practice, which is what takes time. We have a series of workshops lined up over the next 12 months to try and nut some of that out.

Mr TURNOUR—Is there more information you could provide us with in writing? If we are going to make recommendations about how we develop business and you have a view about how PBCs should be involved in that then this is an opportunity.

Dr Strelein—Sure. There are also some additional publications here that may be of use to you. There are two reports from workshops we have done with PBCs specifically and two on tax, trusts and corporate design.

CHAIR—Could I just echo Jim's request. Anything else you have would be really good, particularly on that last point that you made. That goes to the heart of what has been a recurring theme throughout our hearings.

Dr Strelein—Have you seen things like the Gunya model, the Minerals Council model of new corporate structures and tax incentives, Adam Levin's model?

CHAIR—Whatever you have on that, we would be really keen to look at it.

Dr STONE—Have you done any work on the Ord scheme and the inclusion of those five or six separate TO groups there who were included in the allocation of irrigation land within the scheme and now have been engaged in stage 2? Have you done any work on that as a model?

Dr Strelein—Yes. We have a couple of case studies of Ord stage 2 and the Miriuwung Gajerrong Corporation. Taking up the business opportunities though has been a struggle—they have 10 years to do it and they are halfway through that. That pressure to get the business side right has proved difficult as far as I understand.

Dr STONE—It might be good to look at those cases as well because this was an example of where Indigenous people were engaged and were happy at the beginning with what appeared to be a good deal but, as you were saying, there are great difficulties now halfway through.

CHAIR—Thank you very much for giving us your time.

[1.19 pm]

DAVIES, Dr Jocelyn, Principal Research Scientist, Commonwealth Scientific and Industrial Research Organisation

DAVISON, Mr Gregory Joseph, Indigenous Engagement Officer, Commonwealth Scientific and Industrial Research Organisation

JAMES, Mr Glenn Alfred, Anthropologist, Commonwealth Scientific and Industrial Research Organisation

WALKER, Mr Kenneth James, Indigenous Engagement Officer, Commonwealth Scientific and Industrial Research Organisation

CHAIR—Welcome. Do any of you have any comments to make on the capacity in which you appear?

Dr Davies—I am a research scientist and geographer with CSIRO.

CHAIR—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 the parliament. Having said that, would you like to make a brief introductory statement?

Dr Davies—I will make the introductory statement. I would like to acknowledge the Ngunnawal, the traditional owners of this country. I will talk about CSIRO experience in Indigenous enterprise and some of the relationship of that to research and development. We find that engaging science, technology, research and development for Indigenous enterprise is important in growing economic development out of Indigenous strengths, and CSIRO's experience is that it requires multidisciplinary research approaches and long-term partnerships—not just technical research but social and economic research and consideration throughout of the whole area of knowledge and intellectual property management.

CSIRO has been working hard and effectively to provide the connectivity between community, industry investment and policy on multidisciplinary research and development challenges, including issues faced by Indigenous people. We are finding now that we are very much in demand from Indigenous people for the kinds of things that we have been able to provide. The focus of our engagements with Indigenous enterprise is in the more remote and rural regions in the Indigenous land- and sea-management sector, and in other enterprises that draw on natural and cultural resources. In this area, we have found that long-term partnerships have been really important to the rapid growth of that area as an industry sector over the last decade.

Often we encounter a lack of coordination amongst government funding bodies and a lack of consistency with a long-term project outlook, so that puts pressure on the partnerships we are involved with. We would also like to observe that, often, success in these partnerships comes

down to committed individuals who build pathways and fill gaps in the project development cycle. I will talk about one example here—more will come up as you question us—which is the savanna greenhouse gas abatement. We have outlined this in our submission. It is a prime example of research and partnership leading to remote Indigenous landholders realising an economic opportunity in a new industry. An important point about it is that it has taken a nine-year investment in research, partnership and on-ground action and capacity building. CSIRO's role in this case was, principally, in the cutting-edge biophysical science, but that alone was not responsible for the relative success of the effort. There are a lot of people now talking about applying this approach in other areas. We would like to say that there is a need for caution if the outcomes are going to be robust and sustainable.

First of all, depending on the location, the different characteristics of fuels, fire and climate mean that further foundational biophysical research may be required. Second of all, the strong long-term partnerships will always be required. In the West Arnhem Land case, investment in social and economic research and action were needed to get in place the robust governance structures appropriate to local circumstances and to local strengths. That was done in parallel with the biophysical research, and committed individuals were really critical throughout that. Those lessons are important to extending the success from West Arnhem Land to other Aboriginal lands. CSIRO's work is involved in those new directions in other places and also in some of both the social research challenges and the remaining biophysical research challenges to do with carbon and fire—which are many. CSIRO's work also deals with issues related to sequestered carbon and how you apply lessons about the impact of fire on sequestered carbon to the actual practice and economics of fire management by Indigenous people. I invite you to ask questions about our experiences as to the opportunities and challenges for Indigenous enterprise in this sector and in other areas.

CHAIR—Thank you for that opening statement.

Dr Davies—Sorry, but I need to give you a bit of guidance. Greg may talk in particular about CSIRO's overall strategy for engagement as to the outcomes that government is looking for in respect of closing the gap in Indigenous development. Jim may talk particularly in relation to the education capacity development of Indigenous organisations and CSIRO's capability to partner, and Glenn may talk on social science learnings and opportunities in relation to CSIRO's research agenda. I may talk in terms of Indigenous livelihood, directions and the biophysical research links.

CHAIR—I am not sure where to start. I have two themes that I want to run with. Let us deal with the first one. We have heard about this example in west Arnhem Land. I suppose the simple question is this. How big is that economy? How much money is that making for the local community? What potential is there, in terms of carbon abatement and similar projects elsewhere, across the 22 per cent of Australia which is Indigenous controlled? Is this going to be something which is confined to only a few areas, or has this got enormous potential? Could you map that out?

Dr Davies—It has got pretty significant potential. In that particular area of west Arnhem Land the agreement that has been made returns about \$1 million a year for 17 years to Aboriginal people for fire management in that particular area. It is engaging 30 people who will be employed in fire management. It is in the first three years of operation. I can check some of these

technical details later. It has mitigated above target on the greenhouse gas offsets. It is something like 40 per cent above target. That is not a market arrangement at the moment. That is a contracted agreement that involves the company, the Northern Territory government and the flow of money down to the traditional owner groups.

We are completing a scoping study to look at the potential in other areas. Our assessment of that is that the return that Indigenous people are getting through the agreement involves a reasonable expectation of what will come through an offset market and that the same kinds of approaches could be applied widespread across the tropical biome. In moving into the more arid savannas as you come south in the Northern Territory, there is probably potential in about a third of the desert. But we really have not looked closely at that. The more arid areas do not have a regular annual cycle of rainfall, so there are biophysical science challenges. It is harder to see how on-ground management can feasibly impact on a change in intensity of fires, which is what reduces the greenhouse gas emissions into the atmosphere.

CHAIR—Presumably, in the more desert areas there must be less biomass? Isn't that right?

Dr Davies—There is less biomass, but they are enormous areas compared to the areas covered by the west Arnhem Land agreement now. More than 60 per cent of Aboriginal land in Australia is in the desert areas that are not used for pastoralism, where other industry opportunities are really quite limited to arts and crafts and environmental management services and these kinds of things. Sixty per cent of Australia's Aboriginal land is in those areas.

CHAIR—But as a general rule, if we are talking about carbon abatement, we have to talking about areas where there are lots of carbon. The potential for this kind of business must be in the more tropical areas.

Dr Davies—That is why we are doing the scoping study. We will be able to provide the committee with a copy of that reasonably soon. We are finalising it at the moment.

Mr James—There is a similarity across the tropical savanna woodlands from the Kimberley through to the Cape. That is the area that we are talking about potentially. There are in fact some hot spots, so to speak, within that broader area where you get more intense wildfires generally and where the abatement prospects are a bit higher. Generally, the focus of the tropical savannas fire abatement project is right across the Top End. The additional work that needs to be done to see how far down into the desert country that goes will be coming but, obviously, it will be less significant.

CHAIR—This is probably a very simple question, so forgive me, but in terms of carbon abatement, as I understand it, what is being focused on is less carbon-producing ways of fire management. Are there other ways though that there could be carbon sequestration? Can you plant things that soak up carbon? Is there the ability to do that?

Mr James—There are a couple of things about that. In relation to the tropical savanna woodlands, we are really talking about the abatement of nitrous oxide and methane emissions. It is not really to do with carbon, it is about those emissions through burns and their equivalence to carbon offsets. There is the possibility, which is ongoing research within CSIRO now, of looking at the benefits in terms of carbon sequestration in litter, fallen timbers, grasses and things that

remain when you have a patchwork or abatement style fire management regime. When that breaks down slowly, you do not lose the carbon into the atmosphere, it goes back into the soil. The question of how viable that as a tradeable component of fire management is has not yet been answered but it is being researched as a complement to the fire abatement issue in relation to greenhouse gas emissions.

Dr Davies—When fire burns an area, it emits carbon dioxide, methane and nitrous oxide. As Glenn says the abatement of greenhouse gases that is the basis of this current agreement in west Arnhem Land is to do with the methane and the nitrous oxide. It is not to do with the carbon dioxide because it is an annual cycle thing. To give you a bit of the underlying theory: this country burns annually in most cases. To move it back to a more traditional Aboriginal fire management regime it will be burning less often and earlier in the season. So less vegetation goes up in smoke overall and you reduce the risk of major conflagration fires burning across the whole area. It does not relate to carbon dioxide because, whenever or however it burns, the following year the plants take up carbon dioxide in photosynthesis. For nitrous oxide and methane, every year the amount of vegetation that is not burnt, compared to the models of what might be burnt without a managed fire approach every year, is saved in greenhouse gas mitigation. That is why the agreement just relates to that.

As Glenn says, in extending the science to look at carbon sequestration, the science question there is if you have less intense fires, are you saving a standing stock of trees and shrubs and so are you actually sequestering more carbon? The science has been done principally on the grass components to date—the trees and shrubs are where the sequestered carbon comes in. There are important science frontiers there for the biophysical science which CSIRO is engaged with. Extension across the tropical biome where we think the current science does apply is one thing that is opening up potential for other Indigenous landholders. Extension into the carbon sequestration south in the big areas of Aboriginal land is on the agenda and is an area where CSIRO is trying to work. It is the integrated kind of approach that Indigenous landholders are looking for realising that they need to not just have the science but know how to apply it. There are big education agendas and all kinds of things behind that.

Dr STONE—I am a bit concerned that under the current Kyoto accounting rules there is a debate about whether in northern Australia the fires are man made or natural. If they are man made, we lose points; if they are agreed to be natural then we are neutral in a sense. There is probably a very long and complicated answer and perhaps you could tell me another time. I understand that we have a real problem in Australia with our natural fires but also, in our human effort to try to bring back the old mosaic burning patterns, we may get caught up with the accounting rules which are basically not going to take into account what we are doing and not give us the credits. I understand that is a serious problem. The other thing is with your Indigenous liaison people here—is that what you are called?

Mr Davison—We are Indigenous engagement officers—we do much more than liaison.

Dr STONE—Indeed. Is it the case that you are talking with Indigenous communities who say, ‘We want to commercialise some bush tucker species.’ You take that to CSIRO, who say, ‘Yes, we can see potential here, cancer cures and so on,’ and away you go or is it the case that CSIRO tends to go out there and say, ‘We want to look at replacing ruminants with kangaroos for protein production, we’re going to save a bag of methane and we’ll get brownie points out of that’? Do

you go out and ask your Indigenous engagement office to find a community that is interested? How does that work? We have heard a lot about facilitation, coordination, catalysing and mentoring of Indigenous businesses. I am wondering how you are managing it in CSIRO—what is your best practice?

Mr Davison—Engaging with Indigenous Australia through CSIRO can be described as a bottom-up approach. It is the scientists' relationship with a local group on a particular issue. In particular with enterprise development around something like this, I think some of the ground has already been lost in terms of the relationship with Indigenous groups and connecting to the benefits associated. I will use the Kakadu plum as an example. You might have entrepreneurs out there who are non-Indigenous who are cornering the market on that but CSIRO—

Dr STONE—It is implied that the company is Indigenous in the branding and name.

Mr Davison—Yes, it is implied. The real issue there is that it is a bit like you did not know what you did not know at the time. What CSIRO is keen to do—and using this particular example—is that the food sciences people are approaching us to ask us how we can protect the IP rights to native bush foods. CSIRO is more interested in the health benefits associated. The simple nature of the business world is that once science proves that there is value in this, demand for this product will go through the roof. The real issue is how we bring Indigenous people on the journey where this has a direct link. The key element in terms of the fire abatement projects was that it was really testing traditional practice which then in essence showed us that in a carbon era we have a very marketable business enterprise based on a strong value proposition—reducing carbon emissions—although the Kyoto and the international stuff falls over on that. It is the same here. Even though we have lost ground, we have to find ways and we are working through this with each of the business areas, such as the flagships or the divisions within CSIRO, to find the best ways to protect the interests of Indigenous people.

It must be said that our engagement strategy also makes a clear statement that we are not there to exploit the future benefits of any research and that benefit-sharing processes should be explored. How do we have shared arrangements around IP? Having shared arrangements around IP is one step in the process and then you move into an enterprise development model where you might commercialise that. The Indigenous groups and CSIRO may not be the people who take it to market—there may be another arrangement—but then how do you actually ensure that this happens? There are those arrangements that can be explored. I am not sure whether that will be us, but I know that we can bring the science and the relationships together. At our recent national roundtable Indigenous leaders were very excited about the application of science and technology. I think linking developing healthy business enterprises with market opportunities has been missing.

Dr Davies—In the bush foods area, I can give one example of CSIRO's engagement and how we are going about that IP. This project is under the partnership umbrella of the Desert Knowledge Cooperative Research Centre, which involves universities, CSIRO and Aboriginal organisations. CSIRO has been involved in doing technical and biochemical research on some of the bush food species for some time and in the trials in the south of Australia, a lot of which are in partnership with Aboriginal growers in that area. With the desert knowledge partnership we opened up the opportunity to look at how Aboriginal people want to proceed with commercialisation of these species. In Alice Springs, where I am based, work has involved

fostering the development of an Aboriginal reference group for bush foods. Senior women from a number of different language groups in Central Australia have been working with my colleagues Fiona Walsh from CSIRO and Josie Douglas from Charles Darwin University to look at the protocols around commercialisation of species. It should not be assumed that Aboriginal people want the species commercialised. That is where that started from.

Those protocols are very near to completion now. That has been very powerful work with this multi-language group of senior women and some younger Aboriginal women who are in commercial practice or are in practitioner facilitator roles for enterprise. They also have worked through with us researchers about our assumptions and things around commercialisation. I think there will be broader interest in those protocols than just Central Australia because I do not know anywhere else where a number of language groups who share knowledge of a species, because it extends across a big area, have actually worked together.

Mr Walker—CSIRO noticed when we started dealing with Indigenous groups that over CSIRO's lifetime of 80 years there has been a lack of Indigenous scientists. Part of the Indigenous Engagement Strategy is to develop Indigenous scientists. During the year we did the first lot of national Indigenous tertiary study awards and people were there from marine science through to environmental science and oceans engineering. We got a good mixture—also undergraduates, masters and PhDs were all Indigenous. That was across the country. We are starting to develop that capability as well for the future benefit of not only Australia but Indigenous people and that then provides more synergy for the future.

Dr Davies—I want to make a comment on what Dr Stone said about Kyoto and fire.

CHAIR—Okay, Dr Davies.

Dr Davies—I think what you are saying, Dr Stone, is that if savanna fire burning is in the next round of Kyoto then there is a risk that Australia will be penalised where it is not meeting targets because other people do not understand what is happening with fire management here. I certainly agree with that. I think the economic opportunity that Aboriginal people have at the moment—it is mainly Aboriginal people rather than Torres Strait Islanders—is where fire is outside Kyoto and outside the national emissions trading scheme. It is to do with the market for offsets that opens up. It is where the risks of being penalised if you do not meet someone else's criteria are less strong even though there are strong requirements for having customer confidence in what you are actually doing. Some of the research that we are doing in Alice Springs is looking at that question of how you build business confidence in these kinds of integrated land management systems that Aboriginal people are using for their land. It is about confidence that there are outcomes to do with health and wellbeing, which is one of the things that we think comes through, and about confidence that there are biodiversity outcomes and that there is sustainability for these kinds of systems.

Dr STONE—We have this real catch-22 in Australia. We have had forever traditional Indigenous fire management, which has changed landscape and changed species and in fact has modelled the biodiversity of areas. We know all about that. According to Kyoto, we have got human fire making—and that is bad. But in our situation human mosaic pattern fire is what has sustained the landscape and the species themselves for generations. We do not fit the model of

the Philippine fires where people are busy clearing their rainforest to plant biofuels—and that is very naughty.

So we have this problem and our other problem is that our biomass is being increased in our rangelands through buffel grass and gamba grass—which is bad when it comes to hot fires. All of this kills our biodiversity. So again we are being caught up. On the one hand we can demonstrate increased carbon sequestration through the thickening of vegetation, but it is all weed, as I call it—although I know a lot of pastoralists do not as they think it is fabulous cattle feed. All that is changing the heat and the intensity of fires, which in turn is destroying the native flora. So we have this catch-22 in Australia. We are unique in so many ways—and I am sure this is what you are grappling with—but I think we have to have some very powerful representation at Kyoto in 2013—when the rules get changed, modified or whatever—to make sure that Australia's circumstances are understood, otherwise we will be penalised: they will say: 'Hang on, humans did that. You've got people out there lighting fires.' So we have this real problem.

I am very interested in what you are saying about your native flora bush tucker—'bush tucker' is the term they use but I think it is an unfortunate one—but I am also concerned about how the Codex Alimentarius—I assume that is what it is called in Europe—is absolutely making it difficult for us if we do wish to commercialise some of the species like the plum and the wild lime—and Japan is lining up to buy the entire crop of the wild lime. But in Europe they are saying that, even though there might have been, say, 2,000 or 3,000 generations of Indigenous people eating that fruit, until there have been 10 years of Europeans eating it they are not going to pass it as native food but as exotic fruit which—buyer beware—could be toxic. So we have these rules which are absolutely in the way of commercialising these products and exporting them and, because we are Australia 'down there', when we complain they say, 'You're just trying to have tariff barriers varied for your own purposes'. So we have a lot of issues here before this inquiry looking at Indigenous business development and so on. I think we have to take on board all of those other constraints and think what we can do about them.

Dr Davies—Yes, the European market rules.

Dr STONE—The European market is extraordinary.

CHAIR—I have one final question. In your submission you talk about the time that is often required to develop the science around a particular process. You say that may be measured in years and that current business support programs are measured on a much shorter time frame, so you have a mismatch between what you are trying to do and what funds and programs are available. Do you have any suggestions about how government should be dealing with that?

Dr Davies—I will ask Glenn to answer that.

Mr James—I think there are a number of different kinds of mechanisms actually, some of which have been attempted and perhaps do not work, I believe because there are a few missing links. An example of that might have been a whole-of-government approach to dealing with what were perceived to be Indigenous issues around Wadeye, for example, which was one of the test cases—the COAG stuff. The spin-offs in terms of development from whole-of-government approaches tend also to lack, in my estimation, the sort of quality social science linkage that we have intimated. As a result of that, there is not such a strong connection in terms of consistency

between the provision of support services, funding et cetera and the aspirations and time scales that you might derive from coming to understand how local people operate in customary and other economic sectors in their particular regions.

So, without having an answer to the question of exactly what we do about that, I think a very beneficial development would be to add to the assessment equation and the development equation an anthropological or a social science perspective on trying to work out how local decisions are made, how people prioritise things, what sort of time frames they are operating in and how then, if we can use the broader CSIRO model, that information can be transferred to the policy end so that we get some consistency in terms of the way support programs and grant funds and whatnot are delivered. That is a general comment.

A specific example of a support service that has proven useful in the past and does not seem to exist anymore, at least in the Northern Territory, is the old pastoral extension service. When you have Aboriginal enterprise in particular—but any enterprise really—that is developing, it is very useful to be able to get on the phone and ask questions like, ‘What’s wrong with my cow? It seems to be foaming at the lips and it has blue feet,’ or, ‘What’s happening in the global market? Is this the right time to be sending my cattle up to Darwin to the marketplace?’—any range of things like that. There is not a service like that for Indigenous people. It is very costly for Indigenous people to get quality information and advice on those things. There does not seem to be a service that exists. I think regional services rather than national ones would be really important because you have a really good handle on what is occurring within the region and how people interact. After all, Indigenous people do tend to work in regional economies more effectively because of their engagement with each other. So there is a general point and perhaps an example of something I think has worked reasonably well and could work—

Dr Davies—There is one mechanism I wanted to mention too.

Mr Walker—The other thing with that is that, when you start looking at enterprises and the normal funding programs, they still expect some of these businesses to be viable within two or three years—that is, IBAs from DEEWR and banks. However, when we start looking at these new types of enterprise, especially in some of these more regional areas, it is going to take a bit more time to develop them. The old silos are still there. Everyone has been talking about breaking down the silos for years, but they resurface like mushrooms. However, there is no program that allows that extended period of examination of new industries to happen. We have to realise that it is not going to be two or three years. Go a bit beyond that and realise that for some of these industries to develop—and they are real industries—it will take some time.

Dr Davies—I wanted to mention regional partnership agreements.

CHAIR—We are really running short on time because we absolutely have to be downstairs at two o’clock. I do not mean to cut you off; we are keen to hear what you have to say. Would you be able to put that to us in writing?

Dr Davies—It will only take two seconds.

CHAIR—Then please go ahead.

Dr Davies—I will explain by way of example. On Palm Island, CSIRO has been approached to get involved in looking at the feasibility of sponge farming. What we found in that case is that it may well be technically feasible, but is this actually what the community wants? There is a whole community planning process to make sure the community is behind that. Actually, the funding mechanisms do not make it easy to go in and say, ‘There’s a planning process needed here and an engagement process, and how do we do this with these people for this place?’ What we need to apply our multidisciplinary expertise in partnership with others is an agreement-making process. The regional partnerships agreement frameworks have done that with the mining sector, for example. There are examples that perhaps have not been followed through to the potential that they could bring for enterprise.

CHAIR—Thank you.

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

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 1.56 pm