



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES  
STRAIT ISLANDER AFFAIRS

**Reference: Developing Indigenous enterprises**

WEDNESDAY, 6 AUGUST 2008

DARWIN

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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

**Wednesday, 6 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 Laming, 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.

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**Committee met at 9.17 am****GREATOREX, Mr John, Private capacity**

**CHAIR (Mr Marles)**—Welcome. You have the three of us here. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I have to say that; I am just letting you know that. Would you like to make a brief introductory statement and then we might ask you some questions?

**Mr Greatorex**—Yes, thank you. I would first like to apologise. Yingiya Guyula was going to come, but he needed to leave early today to fly out to Milingimbi. I got the invitation to come along and speak here—I did not know the inquiry was going ahead—and at first I was not sure why. I knew my interests were in Indigenous enterprise and have been for decades. But, when I looked at the descriptors, I thought there was some ambiguity in that the descriptors talk about developing Indigenous business but the terms of reference talk about growing small business. I think there is something that we really need to consider there. It is not always possible to grow businesses in areas if the businesses are not there, so I think there is something missing in the terms of reference.

I would also like to talk—and answer questions, if necessary—on part 2, the areas of advantage. I think there are lots of advantages. What I am talking about is really only north-east Arnhem Land, the land of the Yolngu peoples. I think there are numerous areas of advantage there that could be taken up by government and there could be people assisted.

I also feel that I could talk about assisting Indigenous business, as with the program that is happening in America, because there are certainly ways ahead with partnerships, where successful businesses can operate and assist if they are motivated by things other than just profit. I think there is certainly a need for long-term relationships and trust to be built up between groups before those partnerships will bear fruit.

On point 4, there is also the issue of working with Indigenous businesses and people who want to do business—that is, not just doing business but doing the business of business. There is a very clear distinction there, because I think we are talking about cultures. The culture in north-east Arnhem Land is a different galaxy, where people do not have the same common understandings that we have in Western culture. You can go to Europe and the cultures are all the same; in Asia they are all the same. But, when we come to Australia and look at Indigenous cultures, the cultures are very different and it takes decades to work with people so that people have the same understandings of how to proceed and work successfully within the business framework.

**CHAIR**—Thank you. There are a few things I want to ask you. I will just start with the first comment that you made, about the terms of reference. I suppose that in our minds, in framing the terms of reference, we are about investigating the growing of, perhaps, the small business Indigenous economy, be that by developing new businesses or growing existing ones. But I take your point that we probably have not made that distinction within the terms of reference. Could you go into that in a bit more detail in terms of what you think are the different issues. I assume

that what you are saying is that there are different issues in developing a new business from those in growing an existing one.

**Mr Greatorex**—I think I could probably name a dozen little businesses that Yolngu people—again, Yolngu are the people of north-east Arnhem Land—are running, but they are not registered or acknowledged by government as businesses. But they are business as far as the people are concerned; they are earning money from what they do—from selling their skills, their knowledge or products that they make. For them, going to the next step and becoming a business means that, because English is not their first language and this culture is so different, there is no one that they could actually talk to to understand the concepts of what being in business in that sense is all about. So, to register a business name, to manage their income and to do bank statements, they would need to take on white people, and then they start to lose control of what they are doing unless there is a formal partnership arrangement, which they are not in a position to initiate because they come from north-east Arnhem Land with this different culture and these different understandings.

**Ms REA**—Could you give us a specific example of what you are talking about and maybe how you would take that example and move it on.

**Mr Greatorex**—All right. A little business is operated just south of Elcho Island. They have been running a little weaving business. They run workshops for people from around Australia. When people go out there, they sit with these people—women—they collect pandanus dyes, they weave and the tourists experience what it is like to be in north-east Arnhem Land living with these people. They have been doing that for six years without any assistance—doing it themselves with some facilitation by me. For them to go to the next step and become a registered business will mean that they will need either a partnership or someone who is going to be a friend and mentor. They would have no idea. They do not have the English or any idea of the culture behind running a business in the Western sense. They dearly want to. They are absolutely determined to run this business and to make a success of it, and they have done so for the last six years. They want to be independent and to earn their own money, but that next step is just too big for them to take independently.

**CHAIR**—In failing to take that step, what in a sense are they prevented from doing? What will that step deliver them?

**Mr Greatorex**—If these people were able to establish a formal business with another tourism operator, they would be recognised, say, within Tourism NT. At the moment, they are unacknowledged. They have their own website. Tourism NT are very interested in them but they are not registered. They do not have insurance, so when people go out there all these women offer are these services. They are very good at what they do. People are interested in Indigenous skills, traditions and knowledge, and they are willing to pay good money for it. But their business is not a business in the sense that we are talking about under the terms of reference.

**Mr KELVIN THOMSON**—The barrier to take the next step that you are talking about is financial literacy or business management skills. Where does that come from at present? Can people access that at present?



**Mr Greatorex**—They do not access it at the moment; they are experiencing it. At that same place, they are running a little co-op, a trust basis co-op, and they have been doing that for seven years by themselves, without any assistance. They sell food to each other. It took 2½ years before the fellow running and organising it said: ‘I finally have a small understanding of what money is doing and what I am actually doing. I’ve been going through the motions but now it is starting to make sense.’ There is no mentoring happening other than what they are doing themselves. There is no-one other than me who can really relate to them. At the university, I teach a language of north-east Arnhem. I do not think any government organisations have the skills to talk with these people because of this cultural gulf. People have to experience it; they have to do it with their hands to get an understanding. I think it will take years and years of that experience and work.

**Mr KELVIN THOMSON**—In the non-Indigenous world lots of small businesses fall over, particularly in the first or second year. Many people develop financial literacy skills by doing—learning by doing—and all that sort of thing, but clearly there is a great interest in our trying to minimise the failure rate and to maximise the amount of useful support that is provided in this area. So I guess one of the things that the committee is wrestling with is: how do you do that? How do you impart those business management skills and provide that kind of assistance?

**Mr Greatorex**—I think the mentoring situation is very good. In the case of the weaving example I just quoted, it would be great if they could find a tour guide operator who was willing to partner with them. They have contacted a number of people but they want big dollars and it is not—

**CHAIR**—Who wants big dollars?

**Mr Greatorex**—The tour operators want that to involve themselves with this group. They are more interested in making big money elsewhere than in going out and dividing the profits with these women. Another example, which might bring it closer to home, is that of the Arafura Swamp. The people who now live on the Arafura Swamp will not move off their ancestral country. They are determined to stay there and to survive with their own money. Fifteen years ago, they wanted to be able to collect and sell the crocodile eggs. The Northern Territory government issued licences for outsiders to go in and collect eggs, without referring to the landowners. It would have been an ideal opportunity for the government to say: ‘We know people who want the eggs. You’re the landowners. Let those people who want the eggs, who want the crocodile farms, do it in collaboration with you,’ rather than, ‘You go and collect the eggs, bring the eggs into Darwin, put them in the crocodile farms and hatch them.’ The local people were locked out. After some negotiations, people now have to refer to the owners of the land to collect the eggs but the owners would still like to be involved in the business. When we approached the Northern Territory government about this, they said that these people have to do a business plan. That is like me asking you to run a Yolgnu funeral ceremony. How would you do it? How would you sing the songs? To do a business plan was not within the capability of these people and the government would not help them because English was not their first language.

So, again, I am talking about only those people who are living on their own country in remote areas of north-east Arnhem Land, but they are a group of people who represent the most significant culture group in the Northern Territory. The number of Yolgnu language speakers is

more than double the number of speakers of any other language in the Northern Territory. So it is a significant group we are talking about.

**CHAIR**—Is language the biggest barrier? Is English spoken a lot there or not at all?

**Mr Greatorex**—It is not language; it is culture. The cultures are different. There are different understandings of the whole universe. You can go to Europe, say, to places like Germany or Italy, or to Russia and you are with the same culture, the same understanding of land ownership, sharing, social capital, business and occupations. People of Western cultures relate in similar ways. When we get out to Arnhem Land, we are talking about a different universe that shares very little with Western culture. It is not just a matter of speaking some English; it is actually understanding the culture of the other group—and we are very poor at doing that. We are very poor at understanding Indigenous cultures, and Indigenous people find it difficult to understand Western cultures—except for people like Keith, whom you will hear from later, who has had extensive experience.

**Mr KELVIN THOMSON**—The cultural divide—that big difference—has come up before. I do not want to verbal or risk some gross oversimplification by saying that, essentially, the message that we get from some people is that the road ahead for Indigenous people is to go straight through all that and establish businesses which make money in the same way that Western small businesses are making money. That is the way home for Indigenous people, out of the poverty and other problems with which we are all familiar. So it is interesting to hear you talk about the size of that cultural divide, because the suggestion is clearly being made to us that what Indigenous people need to do is to get into those small businesses and make money in the same way that everybody else does.

**Mr Greatorex**—That might be relevant in other places around Australia—I do not know. All I am coming back to you with is my 30-year experience of living in north-east Arnhem. I have spent a lot of time learning language and culture and I have the experience of living with people on country who want to be independent and who are willing to work very, very hard towards that. There is a gulf in understanding. I cannot think of a student at our university who has been studying Yolgnu language and culture for four years who could give you an adequate description of kinship, yet we expect Indigenous people from north-east Arnhem, in particular, Yolgnu—as I said, I am not talking about any of the other Indigenous nations around Australia—to jump into Western culture and understand it after a three-week or a six-month workshop.

**Ms REA**—I am trying to get a sense of how we can take them beyond that first step. It seems to me that we have to find some sort of balance when it comes to mentoring and to, for want of a better description, some sort of a hub. It would not be sufficient for people—the mentors or those who are trying to develop that business—to simply go out to these communities and say: ‘Right. We’re going to do a business plan.’ The people who are running the businesses, whether it is the women who are weaving or those who are collecting eggs, need to have someone who they can trust and go to for advice. To me, that seems the hardest thing. It is not going to work if we just say, ‘We want to develop these businesses and we’re going out there to help you,’ when, as you said, after four years there can still be those cultural differences. But, at the same time, what could we build up that people in those situations would have enough trust and faith in to know that they could come to it for the advice that they need to move on?

**Mr Greatorex**—In the Northern Territory, as I have mentioned, the most common language after English is one that I doubt anybody in this room knows. Most people in the Northern Territory do not know the name of the most common language after English. We are ignorant. We do not put any effort into trying to understand these other cultures. It is possible, but we need to concentrate on learning about not just the cultures but also how to respect people for who they are. We need to develop long-term relationships with them. There are people in north-east Arnhem who are familiar with both cultures and who can work in those areas. I am sure that we could find people, but it would take a long-term effort. We also need to show leadership in talking to white people. The government is talking about closing the gap. They see ‘closing the gap’ as Yolngu learning about white culture, not teachers, doctors, nurses and public servants learning about Yolngu culture, which we need to do. We need to be more aware of that, then we will be able to move forward.

There are multiple areas. Mining is one. I do not see any reason why there could not be joint mining between the Galarrwuy and people at Gove. Lots of people are not anti-mining; they are in fact pro mining, but not on sacred sites. When mines develop, there is no reason why they cannot be in partnership. The mining companies might not like it, because they would not keep all of the profits. But, in fact, if we are mentoring people on their own land and working with that, then that can help.

Then there is tourism, land management and carbon abatement—which is happening to the west of Kakadu with ConocoPhillips, which is spending \$15 million. That is a big agreement and there are possibilities for that to grow. That is being done well. It has been negotiated well by people like Murray Guardie. Things are possible. Border control is happening through the Bawinanga. After the decision last week from the High Court, there is also the intertidal zone. Yolngu people at Elcho Island have run, managed and sublet crab licences well. But they have been unable to pay the \$400,000 to get a licence, so they have been locked out of it. But, with that High Court decision, there are now ways in which they can move forward. In that intertidal zone, they could find crabbers who have licences and set up joint partnerships. But it is up to government to show leadership and to say, ‘We want people to form partnerships and not just work for profit but work with people, have some heart and develop some long-term relationships with people.’

**CHAIR**—In terms of bridging that gulf, because that is the question in my mind too—and you may have just answered this—you made the point that learning about different cultures is a very big thing to do and takes a long time. Presumably, if we are talking about the weavers, for example, they want to take the next step now. So the answer as you see it is partnerships. Is it about trying to put in some government intervention that encourages people who already have that knowledge to engage in a partnership with the weavers, for example?

**Mr Greatorex**—Yes, it is. If I could use the example of the weavers in particular, one of the women who run the weavers is also a teacher. It is not just weaving; men are going out next year to survive on country. There are people learning to make other products—houses and things. It is also incorporating those programs within schools. Under the current structure, that is impossible. When people go out to these places, the school says, ‘Sorry, Rosalind’—that is her name—‘you can’t join in because your job is as a teacher.’ There is not a holistic approach. Business could include business partners but could also, in small cases like that, incorporate it with school programs so it becomes a more holistic way of doing business.

**CHAIR**—I am conscious of the time. I feel that we could probably go for another hour, as we are all very interested in what you have to say. To that end, we may get Pauline to follow up with you on your evidence today, because it certainly goes to the heart of what we are trying to do. Is there anything else that you would particularly like to place on the record now?

**Mr Greatorex**—I guess I would ask people, if they are interested, to look at the website for the weavers. It is [www.arnhemweavers.com.au](http://www.arnhemweavers.com.au). That is just one example of what people are doing.

**Ms REA**—Roughly, how many people would they have going through their workshops in a year?

**Mr Greatorex**—It varies on my time because I am also the guide—we guide people out. They have had about 150 people out there in total. For an average five-day workshop, they have an income of about \$10,000 to \$12,000. That is without any facilities or any financial assistance from anybody or any advertising from anybody.

**CHAIR**—The \$10,000 is what?

**Mr Greatorex**—That is about the income that they receive for a five-day workshop.

**CHAIR**—For how many people?

**Mr Greatorex**—From six to eight or 10 people.

**CHAIR**—John, thank you very much for your time today. We greatly appreciate it. The committee will follow up with you.

**Mr Greatorex**—Thank you, Chair. Thanks, everyone.

[9.41 am]

**HALL, Mr Basil John, (Private capacity)**

**CHAIR**—Welcome. Do you have any comment to make about the capacity in which you appear?

**Mr Hall**—I run Basil Hall Editions, which is a printmaking enterprise in Darwin. We work almost exclusively with Indigenous people.

**CHAIR**—Although the committee does not require you to speak under oath today, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. That is a stern warning. Presumably, you have heard it before. Would you like to make an introductory statement? We will then ask you some questions. We are going out to see you this afternoon.

**Mr Hall**—Like John, I was invited a couple of weeks ago to speak to this committee. I have not made a formal submission to you but I did consult the terms of reference and I made a few dot points. Perhaps I could read through those quickly. I am happy to table that document afterwards or submit it formally if you are interested.

First of all, I have been working with Indigenous artists as a collaborating printmaker for around 15 years, 12 of them based in Darwin, first at the university and now in my own business. I am not an Indigenous organisation and I am not in receipt of any funding or assistance to work with Indigenous artists. I have simply set up a business to do that.

I would like to deal only with government funded, community-run art centres when we are talking about Indigenous enterprises. I want to narrow it right down to something that exists already that is working really well and needs all the help it can get. I do not work for them and I do not represent them so I hope what I say is accurate. I see an awful lot of them and have done over the last 15 years.

Ninety-five per cent of my work is with Indigenous people. I estimate that in a typical year I would collaborate with eight to 10 remote communities in WA, the Northern Territory or South Australia, with perhaps around 80 to 100 artists, working one to one on artwork. In almost all cases, the hundreds of editions we are commissioned to hand print each year go back to the art centres themselves to sell and market.

Art centres receive both ongoing infrastructure funding and special purpose and quick response funding for projects. It is really the latter, the quick response funding and special purpose funding, which enables specific training and project based enterprises to take place with business partners such as Basil Hall Editions. It is that type of funding that gets business and art centres working together.

I believe that one-off project funding has proved to have little long-term value, albeit sometimes it provides short-term financial and other feelgood benefits. I have seen that an awful lot of larger equipment grants have also proven to be wasteful. Grant schemes are set up by whitefellas who get enormous amounts of money to put in expensive machinery and equipment, and five minutes later they have left the community and the equipment lies idle. I believe that the most successful longer term sustainable model of support is the infrastructure funding that goes to art centres themselves. These are existing, very successful operations which have been run by Indigenous people over many years. Some have been operating for up to 60 years and considerable experience and expertise has been accumulated in the best of these. Contacts with other businesses have been built and maintained; production and marketing procedures have been put in place and impressive income generated. Please note, however, that, to date, almost all Aboriginal run art centres still have white coordinators and key staff, although many Indigenous staff are being trained on the job to work as administrative people or assist in the art studios.

As I have said, the second form of successful enterprise support, in my experience, has been ongoing training money—not one-off stuff but ongoing stuff. Like John, I would like to cite an Arnhem Land example as well, also with Yolngu people. For 15 years, I have been working with Buku Larrngay Art Centre in Yirrkala, using money sourced through ANKAAA, which is the Association of Northern Kimberley and Arnhem Land Artists up here, an umbrella group for the art centres, and also through DEET. We have been able to train printers at Buku Larrngay for 15 years in etching, silkscreen printing, relief printing which is woodcut and linocut—I will show you all this stuff—and the making of collagraphs. They have five forms of printmaking in which they are now almost entirely independent. There will be big exhibitions this year—next week at the Garma Festival, and at the Darwin Festival a week later—which will demonstrate the considerable skill and confidence these printers have.

We have been doing this for a period of 15 years, reinforcing and getting to know them as they have been getting to know us, and introducing something that, in some ways, is totally contrary to what they are used to and, in other ways, is bang on the money. It involves carving, which they have been doing for years, and it involves painting, which they have been doing for years. Those are two forms of sustainable enterprise support which I believe are working well. In terms of identifying Indigenous commercial advantage and strength, obviously if we are talking about art we are talking about something that Indigenous people are damn good at. It is proven in auctions all around the country and all over the world that we are actually dealing in something that is performing well for Aboriginal people.

To address, finally, those last points, 3 and 4, in terms of the business council model and incentives to business to mentor, which you have raised, I have one answer here and that is that there are many funded schemes and bodies already in place to assist Indigenous endeavour and you will be talking to some of them today. From my point of view, if the government wants to ensure the future, ongoing success of Indigenous art, which is the flag I am waving, and therefore the ensuing benefits that this success has for Indigenous people, it should increase the support it gives to the community run art centres that are there already.

In other words, let us see things that are working well continue to be supported and encouraged to expand so that those people can continue to foster relationships with galleries and training partners, continue to promote the careers of their established artists—we are talking

about hundreds of people here—and continue to nurture the up and coming younger artists as they are handed over the responsibility of painting their jukurrpa, or dreaming or clan images. The employed staff can continue to provide positive mentoring and be role models and trainers in art business administration, presentation, display, customer relations, sales, recordkeeping and data collection. This is all happening now and being done very well. That is it; I have read my bit.

**CHAIR**—In a sense, you have painted what sounds like a very successful model which already exists. How do the individual artists relate to the centres? Are the artists themselves their own small business? Do they sell their stuff to the centres, who then market it on? How does that work?

**Mr Hall**—I am probably the last person who should be speaking about these things. You should have an art centre manager here to tell you. You will meet one tomorrow, I think, in Kununurra. I am speaking from the outside, of course, through my observations of the running of probably 30 art centres over the last 15 years, so I hope I am right.

Basically, these centres are Aboriginal run in the sense that there are committees of Aboriginal people who direct and who hire and fire the staff. They are in a position to bring in the people they want to run the centres; they make key decisions; they are consulted on most matters, I would think. But they do bring in people who are experts at marketing and selling their work for them—in other words, a connection between their world and ours, as John has been referring to. So they run the centres, but they have business expertise in the form of white managers. Some of these centres represent hundreds of artists, who are able to come and sell their work to the centre or place it there on consignment and receive payment when the work sells.

**CHAIR**—So the centres themselves are galleries as well.

**Mr Hall**—Yes. They operate as galleries, as export houses, as media centres, as printmaking workshops, as drop-in centres, as women's refuges and as distributors of all manner of assistance to artists and their families. They drive people everywhere. They should be funded by every government department, in some places—I am not proposing that formally. What I am saying is that they do a lot more than just deliver an art product to the marketplace.

**CHAIR**—The point I am really trying to get at is that they are not themselves the business, from what you are describing; the businesses are the individual artists. What they are is a kind of business facilitation centre for the artists in their communities.

**Mr Hall**—Yes, that is right. Again, as John alluded to, all of these artists are in fact small businesses in themselves, of course. Every individual artist is a small business. In the white art world, they register for an ABN and market their work themselves. The art centre model has worked because it has assisted artists who do not speak English and who have no knowledge of the white art market to get their work out there. So, if you like, I guess they are a collective of artists who run these centres and employ a white manager, a link with the outside world, who helps them to exhibit and get that work out there.

**CHAIR**—Does it then alleviate the problem for the individual artist in terms of the gulf that John was talking about—they can focus on doing the art themselves, but this centre is about

bridging that gulf? Do the artists themselves then need to develop business skills if they have these art centres? Is that the point?

**Mr Hall**—I think that, if they want to develop those skills, the opportunity is there. Each of the art centres, depending on their resources, is delivering some measure of what you are talking about. Some of them are training Indigenous people to work in an administrative role there; some are training them in how to stretch canvases; some are training them in how to wrap and package things and send them out. The training is all there if they want it, but it can also be that the art centre simply does all that specialised connection with the art world—the business management side and the administration of large sums of money. God, they do the GST, the taxation and everything for these guys in some places. It is an enormous undertaking, and perhaps it does alleviate the need for artists to do that for themselves if they wish.

**Ms REA**—I guess that what you are saying is pretty similar to what John was arguing in general—that there is quite a lot of potential amongst existing organisations, whether businesses or some sort of organisation that facilitates people, whether artists or the people whom John was talking about. I guess your argument would be the same as his—that we do not actually need to reinvent the wheel and that what we actually need to do is to acknowledge and understand the breadth of Indigenous enterprise that currently exists out there and maybe to look at supporting that. Would that be the case?

**Mr Hall**—Absolutely. I have just come in to bat for one thing, as he did, and we only have time to do that. All of us up here have seen so many things and could talk for hours on it, but, yes, I totally agree. There are existing business models here which are working really well. A lot of them are still underfunded. A lot of these art centres are run by one person in the middle of a remote desert. One woman will go out there and run one of these places for three years, do all the business management, look after 80 artists, travel with them to exhibitions in major cities, do all the money management, source all the funding, clean the place, stretch the canvases and buy the paint—you name it. Support these things and they will flourish and be able to assist the artists to flourish.

**Ms REA**—Where do they draw their salary or their income from? Is it a commission on what is sold or government funds?

**Mr Hall**—Most of these places receive government funding through DCITA et cetera. It used to be through ATSIC.

**CHAIR**—How do they end up collaborating with you? Does someone come in and the arts centre says, ‘You could be doing this with print. There’s a guy called Basil Hall; we’ll put you in touch.’

**Mr Hall**—What we do simply represents a broadening of their experiences and another product that they can get into the marketplace. What we have been able to do over the past 15 years at Northern Editions, which is at the university, and at Basil Hall Editions is introduce a new art form to senior artists whose canvases might be selling for \$50,000 or \$60,000, an art form that enables them to sell their work at considerably less than that—not because it is less important, but because they are produced in multiples. So a major artist can come and make an original etching which he can sell a hundred times. We have found that that is a good model for



emerging artists, for established artists and even for older artists who are about to retire. They can produce a few editions before they retire; these are stored by the arts centre and slowly sold during the artist's retirement, enabling him or her to have a small income. It is like a super scheme, I suppose.

**CHAIR**—How do you find those artists? Is the arts centre the way in which they come into contact with you?

**Mr Hall**—I deal exclusively through art centres because I believe that is the safest way to go in this very prickly business. There is a lot of stuff spoken about the Aboriginal art industry, so I have tried to work exclusively through the government funded art centres. Sometimes I approach them with an idea or a project, and I will show you a couple of those this afternoon, but usually we are simply employed to either train their artists or help them produce product to sell through the arts centre. So we are manufacturers or trainers in that sense, and they end up with control of the product—so where I might earn this much for producing the object, the sale of the artwork will net considerably more.

**CHAIR**—So in the context where you are a manufacturer, using that example of taking what might otherwise be a very expensive artwork and reproducing it in print form, who are you contracting with? Do you enter into a contract with that artist or with the arts centre?

**Mr Hall**—The arts centre acts as the intermediary. Again, it is the manager of the arts centre who has the knowledge and the paperwork skills to enable all of this to happen, but ultimately it is the artist I sit down and work with because they have to paint this onto a plate or carve it or however they going to make the artwork.

**CHAIR**—Sure, but your business relationship—

**Mr Hall**—My business relationship is with the arts centre manager, who is employed by a committee of Aboriginal artists and senior people in that community.

**CHAIR**—And, as a trainer, is it the same thing: an arts centre will contract you to provide training to one or a group of others?

**Mr Hall**—That is right, yes.

**Mr KELVIN THOMSON**—I have two issues. First, corporate investment: how much is there of it and what do you think of it?

**Mr Hall**—I do not know of a great deal of corporate investment. There are not a lot of formal partnerships between art centres and businesses that I am aware of. It would be nice.

**Mr KELVIN THOMSON**—You think it is a good idea?

**Mr Hall**—Any assistance from any source is going to be good for these people, I guess, as long as it is sustainable and long term and not just a quick one-off thing. So no-one is going to sniff at any additional money. And I did not pooh-pooh your minority business council model

either, except to say that we have a model that it is working well already and perhaps we should support that one.

**Mr KELVIN THOMSON**—The second thing: Indigenous ownership of art enterprises—again, how much is there of it and what do you think of it?

**Mr Hall**—It is hard to describe because in a sense they own these arts centres in that they have a committee that runs it and makes the important decisions, but perhaps it is a good example of partners working together in an unusual way: you have a committee that can hire an arts centre manager who then has control over the purse strings. You have a people who are in fact very reluctant to remove an employee of theirs once they are there as well, and that is a cultural thing. It is an unusual balance, but it seems to have worked. Indigenous people are able to employ a white person who has expertise in a particular area that they do not and it enables them to get that art out into the marketplace in the most efficient manner.

**CHAIR**—Thank you very much, Basil, for giving us your time today, and thank you in advance for hosting us this afternoon. We greatly appreciate it. As I said to John, it may be that we will follow up with you at a later date, with more time to ask some more questions. Thank you very much.

**Mr Hall**—Thanks very much for letting me have a chat.

[10.05 am]

**ASHBURNER, Ms Mandy, Coordinator, Indigenous Business Incubation, Northern Territory**

**BENSON, Mr Robert, Coordinator, Indigenous Business Incubation, Northern Territory**

**SCHROEDER, Mr David, Director, Rural Hire NT**

**CHAIR**—Welcome. Do you have any comments on the capacity in which you appear today?

**Ms Ashburner**—I am from the Indigenous business hub.

**Mr Benson**—I am from the Indigenous Business Incubator in Alice Springs, and I am also an individual business owner.

**Mr Schroeder**—I am applying for a business loan.

**CHAIR**—Thank you. I have to say that, 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. Having got that out of the way, would each of you like to make a brief opening statement—or however you want to handle it—and then we will ask you some questions after that?

**Mr Benson**—Okay. I flew from Alice Springs last night to be here today. I graduated from the PSM Program two years ago, working for the Northern Territory government. I ventured out on my own, into my own business, Jobs Employment & Training Services, which is an individual company. Since then, I have taken on the contract for the Indigenous Business Incubator as a coordinator. We work hands-on with Indigenous businesses on the ground, taking them from the business idea into a business. I have had my own business for four years, and this contract has been in place for about 12 months now. I believe it is being renegotiated through DEEWR for a further three years.

**CHAIR**—Do you want to say anything to start with, Mandy?

**Ms Ashburner**—Not really.

**CHAIR**—Just so that I am clear, Mandy: you run the business hub as part of the Indigenous Business Incubator in Darwin?

**Ms Ashburner**—That is correct.

**CHAIR**—David, are you dealing with the Darwin hub in what you are doing?

**Mr Schroeder**—Yes.

**CHAIR**—Robbie or Mandy, could you perhaps outline the way in which you are dealing with Indigenous businesses and helping them get started or developed.

**Ms Ashburner**—It is not as a first port of call but in relation to government organisations, because they are so large and everything like that. People come to the business hub with a business concept. They look at whether it is going to be a good idea and that sort of thing. We try to work in collaboration with DEEWR, DEET, IBA, DBERD and all the government organisations, but we are finding that some of those are effectively a handbrake and the processes are quite time consuming. Some of the issues are that there is double handling, they change the goalposts, there is not enough communication, there is not enough follow-up—

**CHAIR**—Who are ‘they’?

**Ms Ashburner**—This is DBERD in particular, in relation to funding submissions, where they are there as a service provider to help people pursue their business ideas and to help them get up capital money as a start-up operation so they have that capital behind them so they can actually pursue their business. What we have found is that, using David as an example, we put in a funding submission for him in February and we still do not have an answer today. They have also changed the goalposts on him.

**CHAIR**—Explain that.

**Ms Ashburner**—We put in the application under the previous government. While they are going through the election process, government organisations up here are in caretaker mode, so everything comes to a standstill—which is understandable. The thing is that we put in David’s application in February and now they have turned around and changed the guidelines in order for an application to be successful. All the previous clients have had their own issues as well, such as the process not being timely, double handling, inattention to detail and little matters which can have quite a large impact at the end of the day. It just does not help them to be informed and to make informed decisions for the business further down the track.

**CHAIR**—You mentioned DBERD in particular then, but when you started I think you mentioned IBA and a couple of others.

**Ms Ashburner**—A lot of government organisations go into communities and speak to individuals. They walk in there, they make all these promises and then they walk out and nothing is heard for two, three or four years. People hear nothing. What I have tried to do instead of working harder is to work smarter. I have tried to refer individuals to these organisations so that we all work together, rather than other people seeing it as stepping on toes. To my mind, we are all trying to reach the same goal for the individual. If we cannot all work together to reach that goal then it puts people like Dave, Sue and Ameer on the back foot when it comes to their business idea becoming successful.

**CHAIR**—Do you ever find yourself involved in trying to get business loans from IBA?

**Ms Ashburner**—As such, we have not gone down the path of business loans because these people are starting up. For instance, Ameer was a hobbyist who has now gone into business. Sue is a qualified florist with 25 years experience who has now opened up a shopfront. Dave has

been qualified in his area for 20 years or something like that. But those sorts of things are not recognised when you approach these people. They want a piece of paper to show that they are actually business minded. They do not take the time out to sit down and have a talk to the individual to find out how they actually work—whether they are a lateral thinker and whether they have the business concept and can pursue it.

**CHAIR**—David, you might want to answer this. In terms of David's business, you said that David has been doing what he does for 20 years. What is it that your collaboration is now trying to establish?

**Mr Schroeder**—I am trying to establish a private hire business. I went for a grant of \$30,000 for a truck. I got a person rigged up to rent it straightaway. Like I said, the loss of income already has probably been \$14,000. That could have been used to buy more items, more plant, like car trailers, drop saws and chainsaws. I investigated that a lot, because the nearest hire place is at Coolalinga. I am established at Humpty Doo. A lot of Coolalinga's items are not allowed past the Noonamah store. I have really looked into that a lot because you can establish a good business out there—because there is nothing out there at all.

In the future I want to hire Aboriginal kids—I coach football—which I think is the best way to go. I do not want CDEP wages either. I want proper wages for them. Because the process takes a long time, you do not know which way to go. You think: 'Should I get into debt with a mortgage?' Like I said to Mandy straightaway, I feel that, being Aboriginal, I do not want a handout. If the business goes well I want to pay the money back. That is my view of things: give someone else a chance. I do not believe in just taking government money. With a business I think you have to have a strong head on your shoulders and move forward and make the business grow instead of having this idea and letting it flop.

**CHAIR**—David, right now, though, are you involved in hiring out this equipment?

**Mr Schroeder**—I have been getting stuff like trailers for a couple of years now. I am working on another truck at the moment to get it up and going, but I just need that other step because, like I was saying, there is a bloke already ready to hire one out straightaway on a weekly basis. I have worked for Darwin City Council for 23 years. The contractors I see in there are contracting out planting trees at \$700-odd a tree. Would you mind? And we are horticulturists. That is stuff we can get into. There is big money in stump grinding. They have just asked the same bloke I am hiring the truck to: 'Have you got a stump grinder?' It keeps clicking through your head. I am in an organisation where, if I had a start, I could contract off the same organisation. I would be going for contracts.

**CHAIR**—Right.

**Mr Schroeder**—I have been a horticulturist and arborist for over 23 years. Just from the last cyclone, a bloke cleaned up 100 grand for eight weeks work removing the stumps. I could do that. He hired every plant; he hired the back hoe; and he hired the truck.

**CHAIR**—So, having decided that you wanted to then establish your own business and do this, how did you find out about the Darwin hub? How did you get into contact?

**Mr Schroeder**—I think it was through mum. I always chuck ideas at mum. I think she found out. I think about eight years ago, when ATSIC was still going, I asked them. I was taking the contractors around for the lawn mowing contracts around the areas and I thought, ‘I reckon I can be a contractor.’ I wanted to hire Indigenous people because there is a lot of conflict on the football field, so I was going to try to get the boys to work together and respect each other off the field and on the field. I heard back that I had to hire so many CDEP workers. Why? Why aren’t we hiring for good money? I could not believe it. I hired young Cameron Stokes and Joe Anderson, who play AFL now. For 12 hours work, I paid them \$400 each. The parents asked: ‘How can you pay them so much money?’ I earned good money; why can’t they earn good money? They were available all of the time that I needed them, even when they had no lessons at school. It shows you, if you pay some young Aboriginal boys good money, they will work for you. I think CDEP is the wrong way to go, saying, ‘You can have these boys at CDEP money.’ And they do not want to work. That is why they say, ‘I might as well just stay on the dole.’ I do not agree with that. If I have an Aboriginal agency, I will hire white people, Asian people—it does not matter. If they work, I will pay them good money. They will work for you. That is how I see it. If you pay them CDEP money, they will rock up whenever they want to rock up. I do not believe in that.

**CHAIR**—Am I understanding correctly—and I guess I might direct this at Mandy as well—that it is a frustrating experience to get Indigenous businesses up and running?

**Ms Ashburner**—Yes, it is. For a lot of them, it is very daunting because they are actually walking into the white society of business. For a lot of them, confidence in themselves and their business concept is lacking in that they do not have the support to work on their business concept and actually get it up and running. I try and work with these people. They have their business concept. We look at business name, registration and insurance. We look at all the background admin stuff. In Darwin particularly, because we have NEIS up here, I try and utilise NEIS so these people have some form of business management to actually work on their business. NEIS helps a little bit, but it is through the support of the hub in actually working through that whole thing that they get this certification at the end and they gain that bit of understanding. Even in that respect, it is a long haul and it can be quite frustrating and daunting. With the NEIS process, there are also the Centrelink issues that they have to deal with too, with the transition, if they are going from a parenting payment to NEIS or whatever else. I have had one client who has been cut off about eight times while he has been through the NEIS course. But, yes, the hub helps them with all the background stuff, getting up business plans and looking at the best organisation to help facilitate them getting their business concept off the ground.

**Ms REA**—That is a question I was going to ask you too, Mandy, about that sense of frustration. I guess I have two questions. One is: in terms of the incubator, I sense that if you are frustrated then individuals who come to you must be even more frustrated.

**Ms Ashburner**—Yes.

**Ms REA**—Putting aside the frustration to a certain extent, where do you think you have added value or have been able to assist? What is it about the incubator that has enabled you, maybe, to progress a particular individual enterprise a bit further than if a person had have just started from scratch, doing their own thing? Even though you must get enormously frustrated, people are

coming to you, so there must be something about that model that gives them a little bit more faith that you can actually progress their idea more than they can on their own.

**Ms Ashburner**—It would be great to actually speak about that one. As frustrating as it for them, everybody needs to go through this process—whether it be white or black society. The thing is that it is all about perseverance and it is also about empowering them. For instance, with some of the issues that Ameer has had, the hub has stepped into that grey area to get him through the issues that he has been dealing with and have been impacting on him and his business. Because he is an artist, it is all about stock and having didgeridoos for seasons and all that type of thing. What I have tried to do is just be there for them. If they need to vent they can get on the phone or come and visit me. I spend two, three or four hours with some clients just to let them lay it all out on the table. Then I try to look at the positives. Getting into business can be very character building. It does not matter who you are. For some of these people, I see so many changes from when I met them initially to where they are today. You can see the development. It is not just business development; it is their personal development that I think the hub has contributed to because I will not let them fail and I will help them. If they are going into a dive, which quite a few of them do, it is all about, ‘Okay, while you are working through these issues, I’m there.’ I will help them with that and then say, ‘Right, we’ll work on the business idea.’

**Ms REA**—So is there a secret ingredient that you would pick between those businesses that you have helped get off the ground and sustain themselves and those that have failed—because obviously you would have seen both? Is there any one particular thing? Is it just case by case and you really could not pinpoint a particular thing that makes something more successful than something else?

**Ms Ashburner**—I think it is the fact that the hub is there and individuals are not alone. They have someone there who is actually going through the whole process with them. They have someone to bounce stuff off. Like I say to them from the very beginning, I am all about working up initial relationships. When you come to the hub, it is not like you are filling out an application form as soon as you get there; it is all about having a conversation, building up that trust and knowing whether they feel comfortable with you or not. I have quite a lot of male clients but I have quite a lot of female clients, and it is all about them feeling comfortable with me and me being up front and honest with them by saying, ‘I’m not the be all and end all. There’s heaps of stuff that I don’t know. We might need to go to other people.’ But it is about letting them know from the very beginning that there are hurdles that they are going to have to go through but they are not going to be doing it on their own.

**Mr Benson**—Can I add to that? I think the difference between the hub and other government services like DEEWR, IBA and the NEIS programs is that we are flexible; we are on the ground, we are there every day, we are there at night-time as well. We do a lot of after hours and weekend work to support these individuals. In my case I have my own business. People can see the product—come and walk into it, smell it, feel it, touch it. I expose my books to people who come into business and show them how books work, whereas NEIS is targeted at a higher level of education. Some of these people do not have a full understanding of literacy, numeracy and invoicing—the basic business skills. As a coordinator, as a mentor—I do not like using the term mentor, actually; I think it needs to be reworded into ‘a management program’, as it is managing people not mentoring them all the time—I get them to come and play with a real business like they play with plasticine. For example, if we do this, how does it affect them? I get them to put it

through my business systems just to show them the different outcomes, whereas DEEWR can only provide funding; that is as far as they go. If you go to the Northern Territory government they provide grants and limited support, whereas the incubators can run the full range.

**CHAIR**—What is run out of your business, Robbie?

**Mr Benson**—Jobs, employment and training services. It is actually an employment agency. We have just become nationally accredited as an RTO training service. We have a driving school and we do business services as well.

**CHAIR**—How many people do you employ?

**Mr Benson**—I think we have three people employed at the moment.

**CHAIR**—How long has your business been going?

**Mr Benson**—Four years.

**Mr KELVIN THOMSON**—What is the level of enthusiasm of young people for this kind of enterprise development? How hungry are they?

**Mr Benson**—I get a lot of hungry people to start with, but after one conversation they run the other way.

**Ms Ashburner**—Business is daunting for them.

**Mr Benson**—It is daunting, but I think you have just got to find the little champions, not the leaders, not the elders or anything. There have got to be little champions who come in and who want to take it all the way and not just be seen to be doing something.

**Mr KELVIN THOMSON**—When we had hearings in Sydney it was interesting and encouraging. People around the table—there were a number of young people there—were clearly keen and intending to succeed and do well.

**Ms REA**—That came through in Melbourne as well.

**Mr KELVIN THOMSON**—And also are you aware of that minority business development council kind of idea? Do you have a view about it?

**Mr Benson**—I looked it up and had a look at different services that are available through it. I have taken some notes; I am happy to leave them behind if you would like them. A man earlier was talking about the arts centre. We have got some really good stuff, but at the same time we do not do very well at a lot of things as well. What works over there may work. I think it is all worth having a look at.

I was not sure about the health insurance, but maybe some business insurance might help, especially with NEIS clients. I think they get a small amount, but my insurance this year was nearly \$12,000. No-one was able to help me out. I applied to government services under my own



business and was denied everything because I was competing with government services. Everything I have done for my business I have done from my own back pocket. At a local government level there is nothing available for local people. There is limited support from the Territory government, but it just does not go all the way. With the federal government there are big gaps where there are a lot of opportunities—more programs like this and offering a lot more choices for people to utilise. Mandy and I are just two people. There are people who may not want to discuss things with me because I am an Indigenous man and there are all these cultural differences—male, female, whatever. I think there need to be more opportunities for people to go to other places as well. I find that the people that go to the government services get let down all the time because they can only take it so far and then they have got to let them go. They do not follow on to us, as such.

**CHAIR**—I am sorry. Could you say that again.

**Mr Benson**—If I went to a government service I would get taken so far with that individual and then they have to let go and move me to somewhere else. But I do not think that transition from funding or financial support to something on the ground is done very well at all.

**CHAIR**—Robbie, I am keen to get your view on some of the questions that Mandy was answering earlier. I hope I represent you correctly, Mandy. The frustration in dealing with DBERD and with IBA—do you share those views?

**Mr Benson**—I do share those views, yes. And in some cases I think it is actually worse in Alice Springs because decisions are not made in Alice Springs. They are all made up here in Darwin, in Canberra and in Adelaide, so we are way out of that circle.

**CHAIR**—So you are experiencing the slowness in getting things approved?

**Mr Benson**—Yes, and staff retention for those departments. I think four people have gone through DBERD in the last 12 months in Alice Springs. You negotiate with one employee; three months later they have moved on to another one and a new one comes in. It is very unstable in that sense.

**CHAIR**—Is that the double-handling that you were referring to, Mandy?

**Ms Ashburner**—Not necessarily, no.

**Mr Benson**—No. We do application forms back in February, or even earlier. We get told that they have moved ahead and been approved, then they come back, saying, ‘We require more paperwork, we require more of this.’

**Ms Ashburner**—When it is all supplied at the initial application.

**CHAIR**—I just want to get some basic facts about both the hubs: how many businesses do you have on the books in Alice Springs?

**Mr Benson**—I have approximately 35 now in Alice Springs. Two of them are actually up and running and doing quite well. There would possibly be five more ready to commence business.

But there is a lot of what we classify as ‘tyre kicking’ as well: ‘Let’s just hang around the car and talk about it. It sounds good, yeah.’ That actually takes up a lot of time. That is where they are testing your confidence and your support—whether they actually want to come on board with you. A lot of Indigenous business is done that way: just talk around the bush for a little while. By then, sometimes, it is too late.

**CHAIR**—That ‘tyre kicking’ is within that 35 you have described?

**Mr Benson**—Yes.

**CHAIR**—You also look after Tennant Creek—have I got that right?

**Mr Benson**—Yes.

**CHAIR**—How many would you have up there?

**Mr Benson**—I have actually got five registered businesses. I only visit once every six weeks. The service I can supply is extremely limited. They are not dependent on the incubator as such, but they will ring me on an on-call, as-needs basis. Tennant Creek is a different world again, versus Alice Springs, versus Darwin. The needs just vary dramatically.

**CHAIR**—I would like to explore that more, but we probably do not have time. We might do that afterwards. Mandy, how many do you have on your books?

**Ms Ashburner**—Approximately 25.

**CHAIR**—Twenty-four?

**Ms Ashburner**—Twenty-five.

**CHAIR**—Good. Time is marching on, and there are probably quite a few more questions we would be keen to ask you. The committee may follow up with you later through the secretariat. I thank all of you for coming along today—it has been a really interesting contribution.

[10.38 am]

**HUNT, Mr Kenneth John Mitchell, Acting CEO, Human Resources Manager, Outback Stores Pty Ltd**

**CHAIR**—Welcome. For the record, 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 giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I invite you to make a brief opening statement and then we will ask you some questions.

**Mr Hunt**—Thank you, Mr Chair. Members of the committee, I have tabled two documents. The first is a summary overview of what Outback Stores is, what it is doing and some pictorial representation of its activities on communities. The second document is targeted to the specific terms of reference of the committee. I am happy to expand or talk on any topic you wish. I am deeply involved in the executive of the organisation, so I am hopefully capable of handling your inquiries. Outback Stores is a young organisation. It is at the moment receiving federal funding in significant amounts to help it get to a self-funding position within a four-year time frame. Its purpose is to offer a management model to the stores in Indigenous communities to attempt to improve the service, the food security, the range of food, the nutrition and the price of that food in those communities. We picked up our first store in March last year and as of today we have 21. We have a target of 60 by the end of June 2009.

As we are going through our rollout, we have come across a lot of problems that we did not contemplate. There are difficulties in maintaining some situations, because you often have to go over the same thing again and again to make sure that all the lessons are learnt. We make no apologies for the fact that we do not know everything out there. No-one has done this before on this scale. We are learning things all the time.

As of last week—and these are just indicative figures—we had reached \$650,000 in turnover per week, which is a significant increase in volume. In fact, you could say without reservation that we have increased the turnover of every store we have gone into by more than 100 per cent and in some cases 300 per cent, not by rocket science but by simply putting stock on shelves. That is the food security angle. The range of food allows for more choice and greater purchasing by the communities.

The information in the first document supports what I am saying in a more structured way. It talks about the fact that we are a government owned private company. We have a separate board, which is a volunteer board. We are incorporated. As I said, our purpose is to become self-funding within four years. We are, if you like, managing businesses that are owned by communities. We do not own them; we do not own the building; we do not own a shelf. We simply provide stock, management services and a whole range of governance services in these communities. We are working in partnership with these communities. In a real sense, they are Indigenous enterprises in their own right. They form separate entities and we contract with them.

In the initial document, there is a series of examples of different stores, before and after photos and some other commentary, which the committee can read and absorb at its leisure. This is an indicative document. We talk about our mission, which is important to us. It is to make a positive difference in the health, employment and economy in remote Indigenous communities by providing quality, sustainable retail stores.

I said before that we were in 21 stores. We are in two states and one territory. We just moved into Queensland; we have one store in Queensland, just over the border from the Northern Territory. We have three stores in Western Australia. All the rest are in the Northern Territory. We are targeting the Northern Territory because of two reasons. When the company was set up, that was the business plan. Half the community stores in Australia were estimated to be in the Territory, so it was thought that that was where we should move first. With the Northern Territory emergency response, there has been extra funding provided to us through FaHCSIA that is to be spent in the Northern Territory only. There is a time frame around that, so we are obviously trying to push the Northern Territory pretty hard. But we are not excluding the other states, and we have the beginnings of formal contacts happening everywhere—in Queensland, in Western Australia and, indeed, in South Australia. Under the long-range plan, it looks as if New South Wales will come into that loop as well, because there are a number of communities in north-western New South Wales.

Our model revolves around engaging with communities. We have relationship managers employed. They are Indigenous men who go out and talk to the communities. That is not to say that we would never have Indigenous females in that role, but at the moment that seems to be what the communities respond to. The relationship managers do the initial engagement, and then we come along with our business development team and our retail operations team to say, ‘This is what we can do for you.’ Some of the indication of that is on posters around this hearing room.

As I said earlier, there are a lot of lessons. There are a lot of things we have learnt. There is a lot of instructive activity. We are very pleased, in one sense, with the apparent increase in the volume of sales. Of course, you have to be careful when you say things like that, because you have to analyse what the sales are in. We are happy to say that the proportion of what we would call non-nutritious food—the typical offer that is out there: the fast food, biscuits, Coke, frozen pies, chips and that sort of thing—is actually diminishing, but it is still requested and we are still providing that as part of our offer. In the takeaway sense, we now have a policy that 50 per cent of the takeaway offer must be in the more nutritious category, and we are seeing the benefits of that. Things like sandwiches, wraps, small meals, rice, stews, lasagnes and all those things are being taken up in large quantities, and we are now supplying lunches to schools in some communities. Indeed, in one or two places we are supplying some meals for the very small number of old people’s homes that are in these communities.

I guess the final thing to say by way of opening is that it is very important to us that we work with the communities. We actually spend a lot of time trying to work in partnership with them, and that is an interesting journey because, in many cases, the stores are in a poor state of repair. They are in financial liquidity situations which are not good. In some cases they do not have tills. In some cases they do not have systems. In some cases they have supply issues with suppliers because they have not paid bills. So the organisation delves deeply with each community, and it sometimes has to act as a lender of last resort in order to get things going.

As I say, we believe that these are going to be successful Indigenous enterprises. Naturally there is an issue of viability which looms large in our thinking, and that is a function of size and spending patterns. We have to state publicly that this is a significant matter for us because there are some estimates that, of a total of 140 stores that are allegedly out there and that we are to look at, there could well be something like 40 which are technically non-viable because of population sizes and support in those communities. In that regard, we have actually entered into some discussions with the federal government on the prospect of underpinning those stores as the first option if we cannot make them profitable.

The word 'profit' is important to us because, although we are not shareholder driven as such, we are driven by the stakeholders, really. We act as a not-for-profit organisation and we return the profits out of any community to that particular community. We do not cross-subsidise communities one to the other, either in profits or in losses. So, if we happen to make \$25,000 out of one community in one year after everything is sorted, we will give that back to the community and say, 'It's yours to do with as you wish.' We might give some guidelines if there is new store equipment to be purchased et cetera, but at the end of the day it is the community that decides that. I have a second document which refers more specifically to the terms of reference. I am happy to proceed or to take any other general questions that you may have.

**CHAIR**—I would be keen to ask some questions around Outback Stores and how it is operating. I am interested in getting my head around the business relationships that you have with the individual stores. For a store to come under your umbrella, is that a decision of the local community? What would be the business structure of that store before you come on board? How would it work?

**Mr Hunt**—Firstly, we react to community invitation to come and talk to them. That community invitation sometimes arises without initiation from us and sometimes it might arise with initiation from us through our relationship with the managers or government departments or any variety of sources. They approach us and then we go and talk to them about what it is we offer. Essentially, at the time they make the invitation to us, their store as a legal entity could be in a number of states. There are a variety of legal arrangements. There are land trusts and other states which a store may be in. It may just be a committee of the local council. It may be an owned entity. It might have a proprietary corporate structure. There are a variety of these structures across the three states that we are working in now.

We come along and say, 'This is what we offer and how we do our business.' We call it our 'store story', and we sit down and work through that with them. Essentially, we ask the community to form a separate, brand new legal entity, which we then enter into a contract with.

**CHAIR**—What is that legal entity?

**Mr Hunt**—XYZ Pty Ltd. It is a company owned by the community. They are the shareholders in the company; they are the directors et cetera. Outback Stores, in an interesting way, assists the community to achieve that objective. Many times they do not have legal advisers that can do it for them or want to do it for them, or accountants to advise them. They have some accountancy services, but we come across stores which have not done tax returns or BAS returns for some years, so it is a bit of a mess, shall I say. We offer to help clean up that mess, if they are prepared to come on board with us, and we assist them through that process. That is part of our fee—in a

sense, we are advancing money to do that work. They then sign a management agreement with us. That is a legal document which they absorb and take time to go through.

**CHAIR**—So effectively what you are doing is a franchise—is that a fair way of describing it? It sounds like the relationship that 7-Eleven might have with an individual store.

**Mr Hunt**—We have tried to draw parallels with the mainstream retail models. We will end up with 140 separate contracts, 140 separate entities and 140 separate ways of doing things.

**CHAIR**—A common brand?

**Mr Hunt**—It could not be that way, no. We do not actually brand it as an Outback Stores store; we brand it as their store. Even if I am wearing an Outback Stores shirt here today, we do not have an Outback Stores Imanpa store; it is the Imanpa store and Outback Stores happens to be the managing agent of it.

**Ms REA**—Like the chair, I am trying to get my head around how it works. Who employs the staff in the store, for example? Do you employ them? Does the community employ them? If so, who do they work for?

**Mr Hunt**—When the contract is drawn up between the entity that owns the store and Outback Stores, we undertake to provide management services. So the managers are employees of Outback Stores. The store itself has its own separate legal entity, and they employ support staff who live in the community and work in the community. We tend to have two separate groups of employees. We have what I will call the outsiders who come through Outback Stores and we have the locals who are local to the community.

**Ms REA**—So there are people who manage the business as such, and then there are the people who work in the shop selling goods. Is that how it works?

**Mr Hunt**—Outback Stores people are actually hands-on in the store. They drive the forklift and they do the stock filling; that is part of their training. Then they help to train up the Indigenous people in the community to do the same thing. We have a very long-term view that we want to replace our managers with managers from the communities, but there are some cultural issues and difficulties in that process. We are recruiting Indigenous people into our network to be appointed to community stores and we have some who are working out there right now. In a sense, the local community people work in the support roles, shall I say: takeaway manager, shop assistants and occasionally on the forklift when the stock comes in. There are two separate entities. The unusual situation is that we come in as management of a store but, because of the community capacity—or the lack of it—they ask us to do other things for them as well.

**Ms REA**—Do you actually purchase the items that are sold in the store? Do you act as a central—

**Mr Hunt**—Yes.

**Ms REA**—and then deliver items out? So the products that are sold in the stores are all purchased through you and stocked?

**Mr Hunt**—Looking at the 21 stores we now have, previously they had 21 separate arrangements for purchasing, pricing, transport and selling. We have centralised the merchandise arrangements so we now purchase in bulk. We then price it accordingly, and that gives us some advantages. The selling is done through our staff, assisted by and sometimes assisting the local staff. The transport issue is quite separate at the moment. That is all done by individual transport operators. Longer term we hope to have a look at some of that to see whether we can impact pricing. All the accounting is done centrally. The theory of our business model is that every night the store—say at Nyirripi, north-west of Alice Springs—will download into Darwin, and then we will prepare the accounts and the reports from there as part of our service.

**CHAIR**—It sounds like 7-Eleven.

**Ms REA**—It does.

**CHAIR**—We are trying to get our heads around the idea; as you describe it, it sounds like what 7-Eleven is like—from my knowledge of what 7-Eleven is—except that it does not sound like you are trying to develop a brand.

**Mr Hunt**—No.

**CHAIR**—Why?

**Mr Hunt**—At the moment we are purchasing goods through merchandise arrangements. We will do deals with IG and other people for food, clothing and meat. At the minute, we are totally focused simply on getting the stores operational in that particular community. Provided there were financial advantages to the communities and not financial cost, I would not discount what might happen in the future, once we get enough critical mass to have some influence and some financial benefit. But at the moment, we buy a lot of Black and Gold and a lot of Home Brand goods, because they happen to be the cheapest that we can get.

**CHAIR**—But as a business model, ultimately you are not imagining that these stores will one day act independently of you. If you are talking about common purchasing, that is part of what is going to make them work, presumably.

**Mr Hunt**—That is correct.

**CHAIR**—But the profits will stay in each community—depending on how well their store goes—that is how you see it?

**Mr Hunt**—That is correct. If Outback Stores is successful and we can transfer the knowledge and the expertise that we want to, there would be no reason why, at some future time, a store and a community could not run itself based on the experience they would have gained from working with us. We have term contracts so, if we do a 10-year contract and we walk away from that because they want to run it themselves, there is no reason why that could not happen.

**CHAIR**—But they would also be walking away from all the common purchasing arrangements that you currently provide them with. Are any of the stores owned by a person?

Are there people making money out of this locally, or are they all owned by the local community in some form?

**Mr Hunt**—I cannot speak in respect of each of the 140-odd stores that are out there. I do not have that information.

**CHAIR**—For the 21 that you are doing?

**Mr Hunt**—We did have a store where there was a third-party owner and that has taken some time to resolve. That was a non-Indigenous person who was involved in the store. All of the other stores have not had any third-party involvement.

**CHAIR**—When you say a third party, do you mean non-Indigenous?

**Mr Hunt**—That is the experience thus far. There was an individual who had commercial arrangements with this community which were quite labyrinthine. They were actually part-owner of the store.

**CHAIR**—Are any Indigenous people part owners of the store?

**Mr Hunt**—Thus far the experience is usually not.

**CHAIR**—You said that 140-odd stores out there is what your research is saying and roughly you have estimated that 40 of them may not ultimately be viable. That implies that there are 100-odd that could be. Do you have a sense of how many of those hundred are liquid at the moment? Are you in a process of turning non-liquid stores into profitable stores?

**Mr Hunt**—Yes. Drawing on the example of the 21 that we have got, because of events, over half of those would be classified as probably non-viable. But we are increasing volumes and are quite confident that we can turn almost all of those into break-even situations at least. Out there in the other parts of the Indigenous retail sector, there are some very successful stores. There are some stores with quite large turnovers, which are running at the moment virtually at a profit. We have taken on one store, for example, on Groote Eylandt—I will not mention the name because I do not have permission—which is quite liquid and several hundred thousand dollars in credit. That is a community of 1,000 people. So that is a direct factor which impacts upon their liquidity.

**CHAIR**—Has that turned around since your involvement?

**Mr Hunt**—We have only been there for four weeks and we are just learning, but I can give you some idea. Statistics are always difficult to deal with, but we went into one community store that was turning over \$4,500 a week, and now they are doing consistently more than \$20,000. We went into a store eight weeks ago that was doing \$65,000 a week, which by comparison seems large; now it is doing \$115,000. There are 500 people in that community. We went into another store, which has 250 people. It was regularly doing about \$26,000; now it is regularly doing \$42,000 to \$44,000. We have the capacity so far, but then again, people are going to ask the question, ‘Well, what has income management done and what impact has that had on the stores’ turnovers?’ It is a bit of a varied picture at the moment. In theory it looks like income



management should improve the stores' turnovers. In fact we are finding that to be the case in most cases but there has been a long lead time for people to get used to the concept. Some people were just not spending it; sometimes they did not know they could. They travelled around a bit. There has been a bit of slippage. In that store that I said had turned over \$115,000, we identified that about \$16,000 of that was from income management.

**Ms REA**—I have a few questions from what you were saying, Ken, which was really interesting. I am trying to get my head around the management model and how it is working. What is the incentive for a profitable store to come to you? You have obviously done fantastic stuff with a number of stores that are non-viable, but going from a support body or a government funded body to something that could potentially be a franchise, what is the incentive for a profitable store to come to you? Is it the central purchasing? You said you charge a management fee but then the way that you operate the business obviously brings in extra income and reduces some costs. What would be the reason for a store to come to you?

**Mr Hunt**—I think there would be at least four reasons that we would put on the table, and these are not in any prioritised order. The ability to purchase at a better price is significant in remote Australia because of the transport costs. The transport costs, of all the costs, are the killer. They are almost fixed costs and they are quite high. It is hard to get some rationalisation at the moment. The store that I was speaking about before was making a profit and has money in the bank, but they came to us for a number of reasons. They came for the purchasing power and that meant they could put cheaper prices on the shelf. More people could buy more of the same thing for the same amount of money than they had previously.

Another thing that we have is a core or minimum range or, in other words, the lines of things you see on the shelf. Many stores you go into have less than 300 items, or sometimes 400 or 500 if you are lucky. We come in with a minimum range of almost 1,000 items and that is designed to give choice to the customer. We look at and negotiate that range constantly. Some communities like to have other things on top or some things different. Some communities will not have Black and Gold products and they will have other products. Some communities do not like a brand of flour and so they will have another brand of flour. There is a whole range of manipulation that goes on. Generally speaking, we would double the range options within every store so the customers feel they have wider choices.

The third thing that we do, which is difficult but has to be a success, is manage all their accounts. We give them quarterly returns, we do their BAS statements and we do all their tax. We do it as part of the fee so that we can have more transparent governance. In a lot of these communities a lack of transparency is quite obvious. Not in every store, but in a lot of stores they do not know what is happening, and they want to know. They want to know their way and it is called the money story. That is how we approach it. More transparency is a significant issue that we see, which seems to be attractive to those customers.

The last thing in the profitable store is that they get to know clearly and get more comfort knowing that they are always going to get food security. They are not going to run out of milk, bread, flour, butter or whatever it is that they regard as staple, such as fruit and veg in particular. They know that because of our size we can produce that on a more regular basis. I guess at the end of the day as one store said to us, 'We know we are making money but our systems are

haphazard. We know we can make more money by coming to you.’ And that is the bottom line, I guess.

**Ms REA**—How many people are employed here? Is it just the management people? What do they do?

**Mr Hunt**—Our national office is based in Darwin and we are very proud of that. We are one of the few companies in this city that has its national office in the Northern Territory. We have capped the numbers of the Darwin office. We call it the Darwin support office. With the management theory of the triangle, we invert the triangle so that the stores are at the top of it and the board and the CEO are at the bottom. We are going to peg the number in Darwin to—eventually when we get to 40 stores—somewhere between the 60 and 80 mark. If we are not smarter by then, we will outsource workloads that we have.

As I said here, in a perfect world, if we ended up with 140 stores, we would have about 700 Indigenous employees employed in stores and about 250 people employed in support and management roles. Some of those management roles might well be Indigenous managers as well, but that would be the total—say 1,000, if you want to round it off. At the moment, we have about 43 people in Darwin. It is a dog-and-tail story: you need capacity to be able to provide the service, and you need the service to pay for the capacity. We have about 50 people in those 21 stores that I mentioned who work on the ground, and we have about 60 store manager people running around in training, in support, in learning in the stores or actually in running stores. We have been recruiting since about September last year. We do all our training out here, at this centre, and in other facilities.

**Ms REA**—Thank you.

**CHAIR**—Very good. I am conscious of the time, but that has been really interesting, Kenneth, so thank you very much for giving us that information. We may well follow up with you in relation to the other material.

**Mr Hunt**—I offer our company’s cooperation in any further consultations or submissions that you might need. I do have a very short, focused commentary—it looks long, but it is very short—on your terms of reference.

**CHAIR**—We will take both of these as submissions so that they will form part of the record of this inquiry. As I say, we may well follow up with you through the secretariat and ask you other questions about that.

**Mr Hunt**—If I might just make a concluding statement, Chair, I think there are four things that are really the greatest challenges for us at the moment. One of those is, I guess, to achieve the objectives that we set out to achieve in the time frames, and the time frames look, at the moment, a little ambitious. I have to raise a sensitive issue about the initial funding that we have got to get us going. There will probably be submissions from our back stores in due course for that to be reviewed because it is not, at present, looking as though it is sufficient, given the time frames.

I guess the other issue is the underpinning issue I mentioned. If there are 40-odd stores—and I say ‘if there are’—that is across Australia. We have underpinning arrangements in the Northern Territory at the moment, but we have other stores that we need to deal with, and on a global picture that is certainly an issue for us.

We have also been seeking funding from Health for some nutritionists’ services. We have two nutritionists employed at the present time. We had some part funding from DoHA for one of those. Clearly that is a significant health outcome for us. Whilst it is always easy to say, ‘Just charge a higher fee,’ every time we do that we increase prices in the store and then that is a balance issue for us.

The last point is about training. I have had a bit of experience in HR and national and state committees on training, in both the industry and the public sectors. I see at the moment that we have DEEWR and other people genuinely putting out programs for training help, but they are categorised by person type rather than by industry need or by sector need. That is a big paradigm shift that I am trying to move along at the moment. I have opened up discussions with DEEWR and FaHCSIA about this. We do not have the opportunity to get market share increase if we train people. We just have to train them to provide the quality service. Usually there is no other store in the community; there is just the one store. So I think one of the challenges for us is to get that paradigm shift. The training was never funded in the original proposals. To get that paradigm shift away from the idea that, to get funding, the person has to have a category like age, youth, disability or whatever and to get it towards, ‘What does this sector need to provide the quality service on the ground?’ is a big shift, and I would say that is a major challenge for us.

**CHAIR**—Thank you very much, Kenneth, for your time. We really appreciate it.

**Proceedings suspended from 11.15 am to 11.22 am**

**DALZELL, Mr Craig, Deputy General Manager, Commercial, Indigenous Business Australia**

**ROBERTS, Mr Stephen, Senior Economic Development Officer, Indigenous Business Australia**

**CHAIR**—I welcome our next witnesses, from Indigenous Business Australia. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Do you want to give an opening statement? We then might fire some questions at you.

**Mr Dalzell**—Thanks for the invitation to be here today. I understand that we are here today to talk about how we engage with our clients under our business model. We gave you a bit of the history of our small business program the last time we appeared in a private briefing. I think we indicated at the time that the small business development program currently run by IBA has run for several decades and it has a fairly interesting and chequered history. We have tried to put a lot more commercial rigour into that program to achieve the outcomes that were originally intended for it, and we believe we have done that. The program has some further work to be done. I am happy to talk to some of the evidence you have heard about that, particularly the evidence you heard down in Melbourne.

But we have been asked to talk today about how we engage with our clients. Stephen is here to talk to you from the perspective of a field officer about his day-to-day role in engaging with our clients. The relationship we try to form with our clients is much closer than the relationship you would experience in banks or other sectors of the financial community. We see that relationship as being fundamental to achieving compliance and capability transfer. It is something we struggle with because we are always trying to find a balance between developing capability, which leads to self-determination or self-sufficiency, and providing support that does not become paternalistic. That is the challenge that Stephen and our service providers are constantly faced with. With that, I am happy to answer questions.

**CHAIR**—Do you want to make any opening remarks, Stephen?

**Mr Roberts**—Not really. I am fine with just taking questions.

**Mr Dalzell**—Would you like us to explain Stephen's role?

**Ms REA**—That would be very useful.

**Mr Roberts**—As a senior economic development officer my role is to engage with clients when they come in off the street or via the telephone or through referrals from other stakeholders. We help them to provide information to us so that we can assess whether they are eligible for assistance to get business support. We look at their business to see whether they need to seek finance through us or through a mainstream lender, and we generally review their business structure. That is done through our business support program. Then we have the finance

component as well. They can seek finance through us or we can assist them to obtain finance from mainstream lenders. We have another product, which is an economic development initiative to provide for some skills gapping. We engage some of our business consultants to go out to communities or areas where there might be a need, and they can provide some assistance there.

**CHAIR**—I would like to talk through the tension that you described, Craig. What do you offer that is different from a mainstream lender?

**Mr Dalzell**—The primary thing we offer is that we are prepared to take on loans that do not have sufficient security or where the applicant is credit impaired and cannot access mainstream finance. Where we know they have sufficient security with a viable business—that is, 100 per cent security over the value of the land they are looking for—we refer them to the bank. In the last three years we have helped just over 1,200 people through business support. We have lent to 350 or so people. The rest have gone into other forms of finance which they have either got themselves or predominantly have got through mainstream lenders.

**CHAIR**—So, if in your view somebody meets the standard to get finance through a mainstream lender, you send them there rather than write the loan yourself?

**Mr Dalzell**—That is correct. Historically that would not have been the case, but IBA sees itself as being a gap product. We are not in any way trying to take the place of the banks. We simply do not have the capital base to do that. Nor does that lead to the requirements of our charter, which are economic self-sufficiency and self-determination.

**CHAIR**—Have you had the benefit of looking at the evidence we gathered in Melbourne?

**Mr Dalzell**—Yes, I have.

**CHAIR**—The proposition that you have just put to us was questioned in Melbourne. We were told that the criteria for getting a loan were so strict that you may as well get it from a mainstream lender. What do you say to that?

**Mr Dalzell**—There were quite a few things said in Melbourne which we would dearly love to respond to.

**CHAIR**—Let us hear those responses.

**Mr Dalzell**—There is one criticism that we would accept, which was about our timeliness. The time it takes for us to assess applications is probably the part of the business model we have not addressed—although we are addressing it currently. We do accept that our capacity to assess a loan from application through to settlement ranges between three and six months. There has been one occasion where it got to 12 months. I do not quite accept some of the numbers given in Melbourne, but certainly three to six months is the norm.

There are three components that lead to that. The first component is that often what comes to us is a half-baked idea—there is some documentation but not enough to understand what is being proposed. We initially thought we were doing the right thing by accepting the application

and trying to assess it whilst we also had our business consultants write the business plans. Filling in the rest of the documentation in that business planning process—teasing out the viability of the business—makes the application period look like it is quite extensive. It looks like we are asking for a lot of documentation for our loan when, in fact, they need this documentation to know whether or not the business is viable to start with. Feasibility studies and a fundamental business plan are things that you would expect to be in place if you actually want to have a viable business into the future. That has been incorporated into part of the business process. That would be the experience of Darebin—I think they were the people giving that evidence. They are one of our business consultants, who themselves are perhaps struggling with some of that balance I was talking about. That is why it would be their experience.

Our assessment process takes about a month, which is, again, unacceptable—but it came at a time when the loan book that we inherited was running at a 58 per cent failure rate. The only way you can fix a failure rate is by getting your assessment processes more under control. That has been one of the areas that we put in. Recent changes to our business model have got that down to five days. That is part of a project that I kicked off at the beginning of the year.

**CHAIR**—Is that an aspiration, or is that what has actually happened?

**Mr Dalzell**—That is what is actually happening on the ground now.

**Ms REA**—Just to clarify: what you are saying is that rather than going through a normal sort of stage process of developing a business, you have got parallel processes happening, and therefore that may seem like a long time—but they are all running at once.

**Mr Dalzell**—That is right. We are now trying to pull it apart and say to the client, ‘Instead of coming to us with something that is half-baked, and it looking like we are just asking lots of questions and being annoying to you, let’s sit down with a business consultant.’ We have trained our business consultants to go through a better process, which is to get the documentation in place first: ‘Here is what we need to see when the loan application arrives on our desks—deliver that to us.’ Assessment takes five days, because it is then a tick and flick exercise then.

We then get into the settlement processes. We did the diagnostics on this earlier in the year: AGS are currently our solicitors in this part of the business. They are not our solicitors in our major capital assets; we use Mallesons Stephen Jaques. AGS are taking, on average, four to five months to prepare the legals around settling a loan, and the documentation we are getting is unacceptable for the client base. I have engaged Mallesons to redevelop that process for us. The documentation is nearly prepared. We will do it in-house; we will not instruct AGS any more, and Mallesons will support that in-house process—which is similar to what the banks do. Again, we will be able to get that back to a couple of weeks, as opposed to the current processes using the Australian Government Solicitors office that we are suffering under, I guess. Those are the changes we are making.

**CHAIR**—You do not have any requirement to use AGS?

**Mr Dalzell**—No, it is something we inherited when it came over. AGS, in its various forms, have been supporting that program for—literally—decades. The documentation was in place and the business processes were in place. I guess our primary focus has been credit management,

because we were at 58 per cent. The reason we started there was that, if you want to get loan integrity, it has to stop looking like a grant. If people are able to take out a loan and not repay it, they then start to treat you like a grant program.

**CHAIR**—Sure.

**Mr Dalzell**—So, that is where the priority has gone first. The legal documentation to support that new process has been drafted. We have got the redrafts going on through Mallesons at the moment. The documentation our clients have received from AGS is, literally, that thick. We are now down to a brochure that you could get in an envelope: the loan contract and there might be a couple of security documents attached to it, which are only a couple of pages long. It is a much different legal framework. It has taken the better part of the last six months to redevelop that sort of business process and to redesign the legal processes that we are currently engaged with. We believe that will be delivered before Christmas, but, again, it is going to take a little bit of time to bed down those new processes across the country.

**CHAIR**—What about the criticism of the stringency of getting a loan?

**Mr Dalzell**—I guess part of it was driven by our legal advice. What we believed was that we needed to get as much security as we could. We have never got 100 per cent security; we know we do not have it. In the 17 months I have been with IBA, I have certainly never seen a loan come across my desk with anything more than about 70 per cent security. But we would be trying to take security over leases or bills of sale over goods within operations—which were under advice from the AGS, but when we looked at the effectiveness of that security, when we have had to try and realise a business because it had failed, none of those things were of any use to us. So in the redesign of the process we have said, ‘We don’t need that anymore.’ I guess that, as long as the basic documentation—a business plan and a basic feasibility study with basic assumptions attached to it—has been prepared through the business consultants, that is what is now going into our assessment processes for that streamlined approach.

**CHAIR**—What size of loans are we talking about?

**Mr Dalzell**—With the average loan, I think I gave evidence last time that 70 per cent of our loans are for less than \$250,000. They are usually more than \$20,000, but we have some that go below that. We vary the level of documentation that we require according to the size and risk of the loan. For example, there is a client up in Galiwinku, an island north of here, who has a loan. Is it \$5,000, Stephen?

**Mr Roberts**—It is \$5,600.

**Mr Dalzell**—It is for a Slush Puppie machine. The business plan and feasibility study for a Slush Puppie machine are a couple of pages, but that person prepared them themselves with the assistance of our business consultant. Of course, we varied what the process looked like for a loan of \$5,600 unsecured. But, if you are going to come to us and ask us for a loan of a quarter of a million dollars—

**CHAIR**—You will want security.

**Mr Dalzell**—we will want security and we will want to see that you have thought this thing through and can demonstrate to us that you personally have the capacity to manage the business you are proposing to undertake.

**CHAIR**—I might need some help, but we did get some evidence about one of the commercial banks which are offering microloans without—

**Ms REA**—Bendigo, wasn't it?

**CHAIR**—Do you know who I am talking about?

**Mr Dalzell**—Yes, I do. We are entering into a jointly branded product with the National Australia Bank. The National Australia Bank are keen to offer a microfinance product of less than \$20,000 and for us to provide business support. We would offer business support whether the person was banking with the NAB or not. If they were proposing to enter into business and take out a microfinance loan, we would be happy to support them to develop the documentation to make that business successful. So for us it is not necessarily an extension of our product range; it is just another way of saying to our Indigenous clients, 'There is another form of finance that you can access, and IBA will support you to go down that mainstream path.'

**CHAIR**—Just so I am clear, NAB are writing that loan, aren't they?

**Mr Dalzell**—Yes, they are.

**CHAIR**—Not you?

**Mr Dalzell**—No, we are not.

**CHAIR**—But you are providing the support for people in getting it. You have probably just answered this. You said that, if you think people qualify for a commercial loan, you refer them on to the provider. Did you mean that you will do that in terms of this particular product as well?

**Mr Dalzell**—Correct. Yes, we will.

**Mr KELVIN THOMSON**—In your indication of investments, you said that there are various things where you have investments in a broad range of industries. I am wondering whether it goes into that natural resource management or provision of services kind of area—things like weed management, quarantine, border security or greenhouse abatement. We are in the Northern Territory, and there is this issue of fire. One of the witnesses raised that ConocoPhillips Arnhem Land fire abatement idea earlier. So there are all those sorts of areas, and also biodiversity management and fisheries management. Do you go into that terrain at all?

**Mr Dalzell**—We do a bit of fisheries management in the sense of commercial fishing. We have mud crab licences. We have an abalone farm that is being stricken with a virus at the moment, so that is not much good to us. We have a couple of aquafarming type ventures. Many of the activities in the list that you have just given us are not profit generating, so they are not really commercially sustainable and they require some measure of grant input from various government agencies to be sustainable. Those grants usually require the return of any profit or



commercial gain to the Commonwealth. So we leave those activities to those Commonwealth departments where there is not a commercial outcome attached to it.

There are some instances—for example, I take our investment in Tjapukai. Tjapukai is a cultural centre in Cairns. It is an iconic tourist attraction, but we have run it commercially. Whilst it has a very strong tourist focus, it has been instrumental in preserving the language, culture and arts of the Tjapukai people in that region. That has been done without any grants funding, although now we are in a period where there is a very substantial economic downturn in Cairns. I think we have lost 25 per cent of the visitor numbers there currently. We will probably go back to the federal government department and say, ‘Here are a couple of programs that are particularly identified that you could fund, and we could bolt it onto the side of the commercial activity.’ But, where it is the heart of the commercial activity, we leave that for the federal government departments to run themselves.

**Mr KELVIN THOMSON**—Clearly, with the sorts of examples I am thinking of, it is a government department or agency that is the customer, but it is certainly possible for the service provider to be making a profit. That happens all the time. People provide services to government departments or agencies; they are a private sector operation and they are making money out of it—but that is not the sort of area that you are involved in?

**Mr Dalzell**—Perhaps I am talking a little more practically than conceptually. Conceptually, where we can see a commercial enterprise that fits within any one of those areas, we are happy to go and invest in it with the Indigenous group and are happy to do what we do in any other sector. Practically, I have seen a lot of cultural centres in my 17 months and I have seen a range of program ideas come such as sea management or conservation management, and they have all been subsistence types of ventures. So I have not seen one yet that has commercial merit to it. That does not mean that I will not find one tomorrow.

**Mr KELVIN THOMSON**—There is clearly a tension between, on the one hand, commercial viability and, on the other, community outcomes. Do you think that there is an appropriate balance between the two, or what do you see as being the balance between the two?

**Mr Dalzell**—IBA tends to approach things from the perspective that the social outcomes will come from having a solid commercial base. We know that from history—and we will lodge a submission with the inquiry by the end of the week, I think. To that we are going to attach a history that shows what has happened to IBA in its various iterations, pretty much since the early eighties. The times that IBA, and our forebears, have got ourselves into trouble have been when we have tried to pursue a social agenda—where we have tried to find jobs or where we have tried to get into these marginal businesses on the idea that it is good for the community—because eventually it falls over and the needs of the community overtake the needs of the business. It becomes very hard for us to then derive a very sustainable economic base.

So we stick to a fairly clear patch that says, ‘If this is a commercial venture that is economically viable, that is what we pursue first.’ From that we get the secondary benefits. A good example might be that we recently purchased the Townsville Holiday Inn. We settled on that in the first week of June. We had to settle that very quickly. We are bringing in Indigenous partners shortly; we have three lined up to come into the trust with us. Now that we have acquired it, the business is sound, we have the management well established—they understand

who we are and what we want—and the capital plans are all sorted out. We have had our first lot of trainees go through that business. We have had 11 trainees go through that business with 100 per cent employment. Unfortunately, we only got one; the rest of the hotels got the others.

**CHAIR**—Indigenous trainees?

**Mr Dalzell**—All Indigenous. We have had 11 trainees go through in our first batch. Our second batch is about to start. We have had the rooms refurbished, and all of the ex-bedding, which is all in great nick, has gone out to communities around the district. The local artists who are forming through Stephen's opposite numbers in the Cairns office are now starting small art ventures. They are now positioning their art, which they are selling themselves, into the hotel and into the rooms. So the hotel came first and everything else is now starting to follow on behind it. We know that everything else is sustainable because we can keep the hotel on track. That would be an example of how we think.

**CHAIR**—Is that a one-off venture, or do you see yourself buying other hotels?

**Mr Dalzell**—We have got several hotels. If you go down the road, we have got the Gagudju Crocodile Holiday Inn, we have the Cooinda Lodge at Kakadu and we operate the Yellow Water tours. They are all joint ventures with Indigenous groups under the Gagudju Association. There is a similar situation there: a number of small businesses and employment outcomes have all flowed from that. We have a facility at Wildman that is under development; we have a fishing lodge at Cape Don, north of here; we have Mungo Lodge—we have got several hotels. We have just sold down Monkey Mia.

**Ms REA**—How did it come about? For example, with the Holiday Inn, did somebody approach you or did you make a decision? How did it come about that you bought it?

**Mr Dalzell**—In that instance, we are recognised as being the largest Indigenous tourist operator because we have so many facilities. We have a very longstanding relationship with the Intercontinental—that is, the Holiday Inn, Crowne Plaza, those sorts of brands. They were aware this hotel was for sale and knew it was in an area that we might have been interested in. The data room had actually closed on it. The Intercontinental on our behalf approached the vendor and said, 'You've missed out on someone who might be interested.' They reopened the data room for two weeks. We went in and we had two weeks to turn around the investment. We did the due diligence and made the investment decision in a two-week time frame. That was through an introduction. Our connections got us to the vendor, and that is happening far more commonly for us now. We have just knocked back two hotels that were referred to us and we have had perhaps another three referred to us in the last week.

In the tourism sector, we have an extensive network where we are seen as quite a credible operator. In other sectors, some people bring things to us—for example, our existing partners. Leightons bring us ventures. They are a joint venture partner with us in Ngarda. That is a common way, but the other way in which we get things is that we just go and do what every other private equity fund does. We go and knock on the doors of the accounting firms around the capital cities and do the meet and greet: 'This is who we are and what we are looking for.' As opportunities come across their desks and as they prepare them for sale, hopefully, if we have

been around any time recently, we are on the top of their minds and they will ring us and refer the IMs to us, and we go from there.

**CHAIR**—You may not have heard the other witnesses this morning. Are you aware of the Darebin Indigenous business incubator and the Darwin hub and the Alice Springs hub?

**Mr Dalzell**—Yes we are.

**CHAIR**—Do you see yourself operating in a similar space to those entities?

**Mr Dalzell**—The business hubs were something that we funded at some point in time. We did fund Darebin to operate out of Tasmania and we certainly have funded a couple of the other hubs. Balkanu, for example, I think was raised last time I gave evidence. The issue for us is that we think hubs are a good idea for people who have an aspiration for business and it is a good way to bring them in. But we see ourselves operating in a slightly different space in that we are not trying to hand-hold people into business. We provide them with the support and the access to the resources for them to stand up for themselves. I think this is a slightly different emphasis in the paradigm that I have seen between us and Darebin—a similar sort of space but a different sort of emphasis.

**CHAIR**—Is there a place for that hand-holding?

**Mr Dalzell**—I think hand-holding that leads to self-sufficiency is the key. I think I began my submission by saying that there are issues in how you define it. We tend to take a position that says: ‘We will provide you access to support. The business consultants will help you write your business plan. But, at the end of the day, we would expect you to have ownership of it.’ Mr Potter, I think, who gave evidence to the Melbourne hearing, said that Darebin had assisted in getting telephones and insurance and IBA would not provide that. No, IBA will not provide that. If they were going to run their own business, we would expect them to be able to organise a couple of basic things like that. To the extent to which Mr Potter’s business succeeds through Darebin, who have some sort of graduated process that suggests, ‘Next time you need your phones to be connected, you do it yourself; we have given you the means to do it,’ that is great. But to the extent to which it says, ‘Darebin has to do it next time,’ I think a level of dependency is created that actually does not build business at all.

**CHAIR**—A witness this morning, John Greatorex, from Charles Darwin University, talked about the cultural divide between a number of the Indigenous people who are running microbusinesses—I suppose, in an informal sense, I might be doing them an injustice by saying that—and their difficulty in taking the next step in formalising those businesses into corporate structures and so forth. Do you see IBA’s role as being in the space of trying to bridge that cultural divide?

**Mr Dalzell**—We do. That is probably one of the more challenging aspects of a business we have recently tried to take on. When the closure of CDEP was announced last year, we began a pretty urgent program to get around to see all of the CDEPs and to find out which ones might be viable businesses. We got to 73 communities and we found 58 businesses that have some viability, 16 of which are going through the process of getting business plans prepared, one of which has come for a loan and another five of which are about to get loans through us. So we

have done it and we have had to change our communication techniques. We use similar tools to what Outback Stores uses in some of the communities where we are not working from a particularly great standpoint. We can do it; it is a new line of business for us in many respects. Stephen has had a lot more experience in bridging that cultural gap.

**Mr Roberts**—The main thing is trying to get the training of skills over with our consultants. Once the initial work has been done, especially with the one in Galiwinku where we have the Slush Puppie—that client worked with our business consultant up there for some time, understanding the plan. The process of doing the business planning is a very long process as we do not try to stipulate when they have to be in by because it is up to the client to do the business plan and understand the skills. That transfer of skills and training them to understand why they need to do it is fundamental when we are dealing with our clients, so they can say that that business plan that they did is their business plan with some assistance. Our consultants certainly say, ‘This is what you need in there,’ and provide assistance in saying where to get that information—when they go to an insurance company, to know what insurance they need to have for the Slush Puppie or contents or whatever they need to insure and to get a quote so they can factor that into their cash flow. We like to see that there is some knowledge. With skills, there is certainly a process where there is a need for someone to hold their hand through a process, but then the next step needs to be taken, which is where we see if we can help. We see our place as the next step: once they have understood their ideas, working through that a little bit and then coming to us for major lending.

**Mr Dalzell**—Two quick things. In Galiwinku we have somebody who is dedicated to creating businesses in Galiwinku and who has developed some very simple business tools so that they can manage their cash flows, BASs and things like that—and they work. We have 20 businesses that we have initiated in Galiwinku using these sorts of tools. And we are replicating that elsewhere in the country, so that is fairly important to us.

**CHAIR**—We are running short of time, and it is apparent to me that what you do is central to the inquiry we are doing. There are quite a lot of questions I still have and would like to ask, so what we might do is try to get you back in Canberra at the end of this process. I would like to quiz you about Outback Stores. We have not asked you about a minority business council and we need to do that, but we are going to run out of time now. So I am flagging that we will do that.

**Mr Dalzell**—And we would like to talk about the Canadian bank model that was raised in Melbourne as well.

**CHAIR**—Exactly. You said you were going to put in a written submission in the next few days. Have you addressed some of the Melbourne stuff in that?

**Mr Dalzell**—We are trying to, but we are trying to find the fine line as to how much we address and how much we leave for further discussion.

**CHAIR**—We have found what you have said about those comments worthwhile hearing, and in your opening statement you touched on what I am sure is a very difficult tension for you to manage. It goes to the whole issue of a criticism—I imagine some would point at you as being too stringent in the way you mean, but you have to find a balance somehow. We would like to probe that a little bit more later on. The other question I was going to ask was about the written

submission. I do not think it has specifically been raised in relation to IBA, but it is just a general comment about government run entities—that is, there is a turnover of staff, and people are finding that they have to retell their story to a range of different humans who are running these things. Would you be able to put in your submission something about the turnover of staff in IBA—what is the turnover of staff and what level of consistency people will be getting in terms of dealing with the likes of Stephen around Australia?

**Mr Dalzell**—Sure, we could put that in our submission. Just as a passing comment, I would say that you will get that comment in Melbourne and you will get that comment in Perth.

**CHAIR**—Okay. We had the comment here earlier and, to be fair, not specifically in relation to IBA, but that comment was made in Alice Springs and Darwin in relation to other government entities. But that would be useful. Is there anything else that you would like to say now, bearing in mind that we will get you back?

**Mr Dalzell**—I am happy to leave it there.

**CHAIR**—Thank you very much. It is very much helping us get our heads around this. As I said, we will organise to have a formal hearing on *Hansard* in Canberra at the end of this and we will probably have a whole list of questions that we will want to ask you.

**Mr Dalzell**—I am happy to do that.

[11.56 am]

**CONSTANTINE, Mr Gregory John, Chief Executive Officer, Larrakia Development Corporation Pty Ltd**

**CHAIR**—Welcome. Looking at what you have just handed to us, I realise I was very remiss at the outset in failing to acknowledge the land on which we are meeting today—the land of the Larrakia—so let me do that now and pay our respects to the Larrakia people. 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 giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Greg, would you like to start with an opening statement, and then we will ask some questions?

**Mr Constantine**—The Larrakia Development Corporation works for all Larrakia people—it is on Larrakia land—and they are the priority to which we respond. We started six years ago in developing a residential block of land at Darla, out of Palmerston. We borrowed the money. We were not given anything. We had to borrow approximately \$1.2 million from Westpac. IBA came to the party through ATSIC at the time and helped us, but IBA knocked us back. Within three years we were self-funding and since then we have been totally self-funding. We have got no government grants or funding whatsoever.

In that process we developed another five companies: Larrakia Homes—and, with some of the material that we have presented here today, I think you will see that we have been quite successful in that area; Saltwater Constructions, which is a maintenance and steel-manufacturing business; Larrakia Environmental Services, which is a landscaping division; a turf farm that we own and operate; and Cox Peninsula Enterprises, which operates a tourism and transport business on the Cox Peninsula. We employ 14 people and eight of those are Larrakia. The other side of our business is that we arrange employment for Larrakia and other Aboriginal people, as well as Darwin based people. We do not charge for that service and we do not get any remuneration for that service. Industry like dealing with us because we will send them people that they want, not someone who is trying to get a 15-week commission or whatever from one of the agencies.

We have set up a number of Larrakia in their own businesses. One in particular is Cecil Lewis, with his own landscaping maintenance division, which he started off himself, and he now has contracts in excess of \$250,000. We have a distribution policy. Unfortunately, the biggest draw-down on our distribution policy is for funerals. We fund up to \$5,000 for Larrakia people who unfortunately die, and we pay that direct to the funeral parlour. We have a number of other scholarships, first home owner grants and small business grants that we supply to Larrakia.

**CHAIR**—I will just start by asking a question about the Darla residential development. The notes that we were given talk about it being the first example of a negotiated native title for an urban development. Have I got that right?

**Mr Constantine**—Correct.

**CHAIR**—Can you just explain that? I was a bit confused by that.

**Mr Constantine**—Back in 1999, I think it was, or 1998, the government of the day negotiated with the Northern Land Council, who are the representatives for all native title and land rights issues, for a parcel of land at Palmerston to allow for the future growth of residential land in Palmerston. That required Rosebery, Bellamack and Archer, which were three fairly large parcels of land. Within that, the Larrakia then negotiated, through the NLC again, with the NT government to purchase a parcel of land for \$1.2 million.

**CHAIR**—So the land at Darla was not part of the original native title settlement?

**Mr Constantine**—It was. The Larrakia lifted the native title over the larger parcel. We were given the opportunity to buy a small section of land, 50 hectares. The benefit of that was that if the Larrakia were found to have native title over Darwin then of course they could claim some form of royalty or compensation for that. As it turned out, the Larrakia were unsuccessful in their native title claim, and the rest is history.

**CHAIR**—I am still a bit confused.

**Ms REA**—So the parcel of land that you developed is a small part of the Darla land—

**Mr Constantine**—Correct.

**Ms REA**—and, to give up native title, you purchased—

**Mr Constantine**—No, we were given the opportunity. If that sheet of paper there is the land that was given up by the Larrakia for native title so that that land could be developed for the growth of Palmerston, that little corner at the top there represents Darla, and we were given the opportunity, along with other developers, to buy that parcel of land, which cost \$1.2 million.

**Ms REA**—So the land is privately owned, but there were native title rights over it?

**CHAIR**—Potentially.

**Mr Constantine**—Yes, subject to the native title claim.

**CHAIR**—Given that you had to pay \$1.2 million, what were you actually given—the first right to buy it?

**Mr Constantine**—Nothing. Absolutely nothing. The Larrakia have not received anything from any government ever, full stop.

**CHAIR**—Okay. I hope that explained it!

**Mr Constantine**—Kind of!

**Mr KELVIN THOMSON**—I have two things I want to ask about. You mentioned Saltwater Constructions in your remarks. They tender for jobs in both the government and the private sectors.

**Mr Constantine**—Correct.

**Mr KELVIN THOMSON**—Do you see any merit in preferential tendering for Aboriginal businesses?

**Mr Constantine**—No, none. It is false. It actually hinders the development of the business. It creates animosity within the mainstream. Of the tenders that we have applied for, we have lost more than we have won, but the ones we have won we have won on our merit. The results speak for themselves: we are still there.

**Mr KELVIN THOMSON**—You are planning a trade school. I am interested in how that is intended to work and what sort of contribution that makes to skilling people up.

**Mr Constantine**—On the contribution to skilling people up: I think it speaks for itself. The biggest problem we find at the moment is that the educational systems especially throughout the Larrakia land and throughout the Top End of Australia are totally insufficient. I was listening to some of the previous speakers. If they cannot read and write English, they cannot be employed. There is a duty of care by an employer. There are systems out there such that, if they cannot read a danger sign and they get hurt, the employer is gone. It is imperative that people learn to read and write; it does not matter where they are. And they have got to read and write English.

**Mr KELVIN THOMSON**—Sure. And you are saying that the people who come to you do not have that capacity?

**Mr Constantine**—A lot of them do not. We had a situation where, at Palmerston High School last year, we had a 17-year-old in year 11 who wanted to do horticulture. He approached us to work out at our turf farm. When he got out to the turf farm, we found out he could not read and write—at 17 years of age, in year 11. It is just not on. He was an Indigenous boy, an Aboriginal boy.

**Ms REA**—I am just interested to follow up on your comment about merit and not giving favour in particular to Indigenous organisations. Obviously the concept of this Minority Business Council is to a certain extent to do that. Does that mean that you do not think the concept is worth exploring, or have you thought about some ways in which it might work? One of the things that were raised in other hearings we have done is not necessarily particularly favouring an Indigenous business or enterprise for a whole contract but, for example, going into partnership. If there were a contract to a large organisation, perhaps there could be a component where a smaller Indigenous enterprise could partner. I am thinking that, instead of you, for example, buying that small pocket of land from a bigger developer, the idea would be that maybe the bigger developer would do the contract but there would be an understanding that a small percentage of that contract would go to an Indigenous business. It is not necessarily just directly saying, 'We're only going to give this to an Indigenous business,' but maybe getting partnerships with larger corporations working with smaller enterprises. I wonder if you think there might be some merit in that.



**Mr Constantine**—There is definite merit in that. My reference is purely for Larrakia on Larrakia land, which is Darwin. It is urbanised. We have a process that we are following through with our major commercial business friends, if you like. We have got the Larrakia clause which we put into all their contracts. ConocoPhillips, for example, which were mentioned earlier, have the Larrakia clause, which means that, in all their contracts that they let, the successful tenderer, whoever it is—or any of the tenderers—has to contact us to see if there is a synergy there for any of our subsidiaries or any of the Larrakia who have skills in those particular areas. That works. We have done that with the waterfront; out at Lyons with Canberra Investments and DHA; with ConocoPhillips, of course—and we have started the talks already with Inpex, in case they come to town. We have to nail them first! With a lot of the major developers and other big companies in Darwin, we have got the Larrakia clause written into all their contracts. We try to get it into the government, but they just get all sensitive and precious, so we just do not worry about them.

**Mr KELVIN THOMSON**—Does that requirement to contact you work for you? Do you find it useful?

**Mr Constantine**—Yes. There is a lot of it where the answer is: ‘No. Thanks for ringing, but we can’t do it.’ But it works. ConocoPhillips insist on getting feedback on from us, so we have to report back. It is the same with the other partners that we get into. We respond to let them know that it has been adhered to.

**Ms REA**—So you just went out, spoke to large corporations and, where there was a mutual agreement, entered into this sort of voluntary contract, in a sense?

**Mr Constantine**—Yes. Industry has been brilliant; we have never had a knock-back from industry.

**CHAIR**—With the clause.

**Mr Constantine**—With the clause.

**Mr KELVIN THOMSON**—The reason I ask is that, in some of the evidence we heard in Sydney where there was a sort of comparable situation of a requirement that Indigenous groups be invited to tender, in fact they found that there was a significant make-work component to that. Yes, they were invited to tender, they did the work and they put in the tender process, but they felt like the other party was going through the motions and they did not have much to show for their efforts.

**Mr Constantine**—We find that is particularly with both federal and NT governments. We spend a lot of time and work putting in tenders. They have no teeth in any of their Indigenous employment contracts or Indigenous cooperation joint ventures, whereas private industry have taken the bull by the horns and have been very supportive, and that is across the board. We have an eight-person board, five of whom have to be Larrakia. The chairman has to be Larrakia as does the deputy chairman. They have all done the real company director’s course, not a mickey mouse one. My chairman is a fellow of the Australian Institute of Company Directors and we are in the process now, with our advisory committee, of doing a pilot program with the Australian Institute of Company Directors on board governance, how to run a committee and how to run a board.

**CHAIR**—A pilot program for Indigenous people?

**Mr Constantine**—For Aboriginal people, yes.

**CHAIR**—That is interesting.

**Mr Constantine**—It is a real one. There are a lot of mickey mouse ones out there. Some of them are very good and some of them are just making a lot of money.

**CHAIR**—So that I understand the Larrakia clause, the obligation is that you contract with a company on something and the deal is that they will, on any other service they are looking to have fulfilled, at least make contact with you to see whether you can do it. That does not mean that they have to use you; they just have to see whether you have the capacity.

**Mr Constantine**—If we can supply either the goods or the service.

**CHAIR**—For you it is a way of ensuring that you have a complete as possible state of knowledge of what is out there that you might be able to bid for?

**Mr Constantine**—And it gives us an opportunity, which other organisations would not have—but again that is a Larrakia initiative.

**CHAIR**—Does it give you a preference in terms of when you bid?

**Mr Constantine**—It gives us the opportunity. For example, if you start a business and we agree on the Larrakia clause, and you have to get some subcontract work to build a warehouse, in your contract you will have the Larrakia clause. Anyone who comes to you must come and talk to us first to see if Saltwater Constructions or Larrakia Homes can assist, or if there is landscaping required or if there is labour. It is a nice way of getting in there. It does not mean we are going to win everything but it gives us a better opportunity than just looking in the tender pages.

**CHAIR**—It does not oblige the signer of the clause to do anything with you other than let you know what is going on?

**Mr Constantine**—We have to report back to them.

**CHAIR**—Can I ask a bit about the Larrakia Development Corporation. I have read your mission statement. It is obviously an asset that is owned by the community. Are you trying to spawn small businesses from what you do or are you just trying to be, as a business, as big and profitable as you can be for the community?

**Mr Constantine**—Both.

**CHAIR**—You may have said this, but you have a track record of having spawned a number of smaller businesses?

**Mr Constantine**—Yes, we do.

**CHAIR**—Is that in this material here?

**Mr Constantine**—Some of it is but not all of it. We have to get permission from those Larrakia we have helped in their own business before we can advertise it.

**CHAIR**—It would be really good information for us to have, if it could be gained.

**Mr Constantine**—Yes.

**CHAIR**—I take it most of the people you employ are Larrakia or are they all Larrakia?

**Mr Constantine**—No, they are not all Larrakia. At the moment we have eight Larrakia employed out of the 14. The others are Aboriginals. Wherever possible, if we cannot find a Larrakia, we will find another Aboriginal person or a Darwin based person.

**CHAIR**—Thank you, Greg; that was really interesting. It would be really good if you were able to provide that further information to us.

**Mr Constantine**—I have a couple of notes on the scope of works or the details that you asked for. One of the things we find lacking in people coming to us is that there is no one-stop shop for advice or where to go. If you go to the NT government, you have three or four different agencies. If you go to the federal government, you have about 10. Then within each of the agencies they have their own little departments spawned out of looking after Aboriginal affairs or looking after Aboriginal issues.

It is just too hard, and a lot of people just get fed up with it. The programs that are designed and promoted really give a false expectation that things can be achieved; they are not realistic. We bear the brunt of quite a few of those. There are no accurate stats—either federal, NT or local—on the number of inquiries, the number of successes, the number of failures, how they are going after year 1, how they are going after year 2, and so on; there is just nothing there. The future of employment programs should be linked to educational outcomes, and they are not. If people cannot read and write, even though they might be able to speak Yolngu, as the first witness was saying, and that is tremendous, but if that person comes into Darwin, onto Larrakia land, we do not speak Yolngu. There are only 1,000 or 2,000 of them out there doing it. They come into Darwin and that is where they get into trouble. They hit the alcohol or they steal or whatever, just to get their message across. There has got to be a stronger emphasis on that—instead of people being patronising and trying to be politically correct all the time. There has got to be a bit of hard love.

With respect to the resources in areas of industry: Aboriginal people are born in an area, they live in that area and they die in that area. There is a huge labour resource there, but what do industry and government do? Fly people in, fly people out. Do they spend the time to train the people there? No. Or, if they do any training, it is so minimal that the net result is nothing. Outsourcing, which happened in the 1980s, is alive and well. There is a road going between Katherine and Gove; it is a dirt road most of the way and it is graded. It goes past about 20 communities. Luigi and Mario are on the grader, with their dog and the water truck, going past all those communities. There is not one industry in those communities, whereas each one could have their own grader, their own water truck and so on. The initial cost might be significant but

the long-term benefit—and I think it was you who raised the issue of long-term social benefit—would be enormous, because you would be setting up skills, you would be setting up a small business. Everything is there. But this outsourcing concept by all governments has got to stop—especially with Aboriginal communities. Incentives have got to be linked to outcomes. If there are no results then you do not get any money. At the moment it is: ‘Oh, it is so sad. We’ll give them another \$100,000 or throw some more money at an issue’. It just does not work.

As for the issue about looking at what happens in America, Canada or wherever: there is a huge number of successes in Australia, but no-one goes and checks them out first. Check them out first. There are a heap of really successful Aboriginal organisations that just do not get a guernsey. Someone will come back from doing research over in the United States. Big deal. It suits the Americans; it does not necessarily suit Australians, especially with Aboriginal people. Talk to them first.

The other thing we observed is that there is always a reason why things cannot be done. It is all risk averse. I heard the IBA guys. They are risk averse, full stop. If they are going to do that, they may as well be a bank, because that is what the banks do. It is a slush puppy thing. Give me a break.

**CHAIR**—Could I just put that to you, in terms of IBA. You said there is not a one-stop shop. The question is always: is IBA that, or is it not that?

**Ms REA**—It is always about what they should be.

**Mr Constantine**—They have got the resources. If you look at the structure of IBA Australia wide, you have got DEEWR, and then each state has a DEET or whatever. You have got triplications, quadruplications and everything. It could all go in under one, whether IBA or whoever. They cannot be so risk averse. Six months to get an approval is ridiculous. If they were in the commercial world, they would be out of business.

**CHAIR**—But there are two issues which have been identified and which I think they responded to. One is the timeliness of writing their loans, and they went through that. But in terms of being risk averse, they were saying that, in the portfolio that they took over, 58 per cent of the loans were going bust. They wanted to make sure that this was not seen as a portfolio which was, in fact, a grant but that it was seen that there actually were loans and you had to pay them back. Would you agree with that philosophy and, if that is right, don’t they need to have some eye to risk?

**Mr Constantine**—No. I do not believe that. It all depends on their charter. If they want to be risk averse and they want to be a lender, then they must be a bank. If they want to look after Aboriginal development and Aboriginal businesses and they want to get people into business, then 70 to 80 per cent security is ridiculous. They should be looking at between 40 and 50 per cent to make it realistic. They talk about doing business plans. I can show you a group down at Adelaide River who have \$250,000 worth of business plans. They have not a loan yet, but they have \$250,000 worth of business plans. These consultants are making a lot of money. It comes back to that expectation thing. Someone comes in and they want to set up a business. Let us use slush puppy as an example. It took him two weeks to get it approved. ‘Boom, gee, thank you.’ Why can’t they do that with someone who wants to do a \$50,000 or \$100,000 one? If they want

to put an 80 per cent security component on it, you may as well go to the bank. Then you can get mortgage guarantee insurance on top of it. The focus is not right, especially when you look at the resources that they have in each state. Then you have DEEWR. I do not know how many others that you have out there. Then there are the NT government ones. With the amount of money that they have, if they put it all into a one-stop shop, they could do a lot.

**CHAIR**—Thank you very much for that. That is good. We really appreciate those comments. Thank you very much for giving us your time. We look forward to that other information that you were willing to provide us.

[12.22 pm]

**PETERS, Mr Kevin, General Manager, Northern Territory Industry Capability Network**

**CHAIR**—I welcome Mr Kevin Peters from the Northern Territory Industry Capability Network. 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 giving false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Please make a brief introductory statement, and then we will ask you some questions.

**Mr Peters**—I will give you a little bit of background on the Industry Capability Network. It is an organisation that covers Australia and New Zealand. Each state and territory of Australia, as well as the government of New Zealand, houses its own ICN. The industry capability networks have their own databases. They look after their own patch—in our case, the Northern Territory. We identify local companies and identify their capabilities and match them to opportunities. As a total organisation, we promote Australian industry or ANZ industry.

From a Northern Territory perspective, we have some very big projects on the horizon here. We will look first in our own backyard to promote Northern Territory companies. If we cannot meet the bill, we will go further afield and look at the rest of Australia and New Zealand.

We are tied up in government procurement processes. Government departments here have to come to us to identify local companies that can do this, that or the other. They cannot go interstate without coming to us and seeing whether we can identify a local company that can provide the goods and services that they are after. On the private sector side of things, as I mentioned, we have dealt with big projects here, such as the ConocoPhillips LNG plant, which a person who was previously sitting in this chair was heavily involved with. We are looking at other big gas projects. We feed local companies and, for that matter, we will access the national database to feed interstate companies and New Zealand companies into the processes.

The reason I am here is that, in partnership with the previous speaker, we were aware that the Indigenous businesses were not particularly well known and therefore they were outside of these procurement processes, be they public or private. So we set up a database within a database of predominantly Indigenous owned companies. We needed to identify them; we needed to identify what capability and equipment they had that were pertinent to a particular request. We wanted to get them into mainstream procurement processes, but you will find that there are government processes which allow a government department to bypass the normal regulations and go straight to, for example, a road maintenance company which exists within a community and just give the contract straight to them. That is fine, but they were missing out on all sorts of other opportunities.

What is happening in the Northern Territory at the moment is that, obviously, there is a resource boom worldwide. There are mining operations setting up; they have their social obligations; they need to identify who is capable of doing what within the Indigenous organisations within that area. We have the intervention based SIHIP—the Strategic Indigenous

Housing and Infrastructure Program—which is a \$647 million project aimed at providing houses in regional areas, which I am sure you are aware of, as well as upgrading facilities. The requirements are going to be very, very strong on the companies that get the overarching contracts to engage where they can with Indigenous organisations and individuals—but we are only dealing with a business status here. They do not know who is out there; we do to a degree. We have a long way to go, but we have 183 Indigenous businesses and their capabilities to varying degrees identified. I believe we can more than double that figure, but it is a bit of an unknown prospect at the moment. The local Northern Territory government will have access to those companies we have identified for business improvement programs or just information processes. We do not give out our database, but we will be working with them to utilise that process.

There are also other issues. We have the council amalgamating here soon into what they call supershores. One of the purposes of that is to provide opportunities for the local Indigenous companies, shires or councils as they exist now and maximise their input into maintenance programs or building programs and what have you. Again, they needed to identify who was there. It might even require interstate involvement, but it might require larger Darwin and Alice Springs based companies to go in and oversee these projects. Our intent is to be a resource so they can identify who is there and what sorts of capabilities exist. I guess that is why I am here—just to let you know about what we are doing.

**CHAIR**—Great. Thank you for that. There are 183 Indigenous businesses across the Territory. What is the Darwin/non-Darwin split on that?

**Mr Peters**—I do not know off the top of my head. For example, the split companies of Greg's organisation, the Larrakia Development Corporation, are represented. A number of the Aboriginal Darwin based organisations are on there, but they may be representing their own homelands, for example. But I would say the vast majority would be actually in the regions.

**CHAIR**—Outside of Darwin?

**Mr Peters**—Outside of Darwin.

**CHAIR**—Putting that together must give you a unique sense of Indigenous enterprises in the Territory and what they are up to. Is there a consistency in the type of ownership of those businesses? Do they tend to be cooperatives or are they private companies? Do you notice any trends in that?

**Mr Peters**—No, not really. There is no consistency there. There are outright privately owned Indigenous companies. There are these council based organisations, which will still exist, apparently, under this supershire process. They still have the facilities and the wherewithal to provide maintenance services. But there are no consistencies there. I would love to sit here and suggest to you that I am some sort of expert on the subject, but we are in some respects in the early stages of this. We do not have an individual dedicated to going around the Northern Territory and identifying these organisations—a heck of a handicap which I am trying to address at the moment. We tried to do it through networks, but the networks have their own priorities. They think that it is a wonderful thing that we are doing, but it gets put on the backburner. We need to have a dedicated person to actually do this properly.

**CHAIR**—That might answer the next question. Do you do any work in terms of certifying the capability of the businesses in relation to whatever they are doing?

**Mr Peters**—We record what they tell us in terms of the certifications that they have. In any sense, that is a requirement, particularly when we have larger projects coming into the Territory, that their own quality assurance programs demand that the organisations they recruit must adhere to. We only record that and pass that on. We can certainly advise them where to go to address the issue, but it is not our core business.

**CHAIR**—When you provide somebody the name of a business from your database, what in a sense are you saying about the businesses that are on your database? Do you put forward any level of quality assurance about the businesses on your database?

**Mr Peters**—Again, only those that we have recorded, which is based on their advice.

**CHAIR**—Okay.

**Mr Peters**—We do not do what the larger companies call ‘prequalifying’. It is up to them to dig deeper. We need to satisfy ourselves at our level that these companies are worthy of passing on that, in our assessment, they are capable of fulfilling a particular role. If they tell us that they have a quality assurance level, that is recorded on our database and that information is passed on. But we are only a process, if you like. We do not get engaged—there are enough around that do—in the actual quality processes.

**CHAIR**—Does that then imply that there would some enterprises that you would come across where you did not feel there was enough of substance there that you would pass that name on?

**Mr Peters**—That is correct.

**Ms REA**—I have two quick questions relating a little bit to what Richard was saying. The first one is: when you say ‘Indigenous ownership’, I am just interested in the definition. Is it 50 per cent or 100 per cent? What would you define as a business that is owned by Indigenous people? The other question I have is, in a sense, on the definition of business. I may have missed this. We had earlier today a couple of examples of things that could be described as commercial enterprises that Indigenous people have and are making money out of but that are not in a position, because of their isolation or capacity, to go to that next step and register as a business and do all that. But they are effectively running as profit-making enterprises.

Does it have to be a registered business that goes on your database? The reason I am asking is that I suspect that, when you talk about 181 what you define as businesses, there are likely to be quite a few more commercial enterprises out there in the Territory that may well be at a certain level of success but, because they have not gone that next step, are not registered or identified on a database as a business. Would you like to comment on that or agree with that?

**Mr Peters**—No company goes on our database without an ABN. That can be a company with 500 employees or it can be a sole operator. It is the sole operators, quite frankly, that we need to capture in a lot of these remote areas. They may be a registered business—we believe that quite a few are—but they just stay within their own community and do maintenance work around the



place. Alternatively, they may not be a business but they still have qualifications. It is one of the areas where we try to be careful not to do more than we are set up to do. If we happen to identify somebody who does good work, who has qualifications and is quite capable of registering themselves as a business we will make that recommendation. We will probably tell the government that they might need assistance, but we do not set step outside the process.

To return to your original point about the status of Indigenous owned companies, when we started this we were very rigid. There had to be well over 50 per cent ownership of a company. But then, as we proceeded down the path, we found that councils employ local people to do the sort of work that we are looking for, that we are looking to direct companies towards. So we have been a little bit flexible in that, deliberately so. There was one chap who came in and wanted to register his business, but Samoan does not count as Indigenous in Australia. There are ways and means, but we pick those up as we go.

**Mr KELVIN THOMSON**—The gas industry is clearly a big deal in Darwin, in the Top End. It will be a major industry going forward. What is the extent of Indigenous involvement in it, either through direct employment opportunities or through small business that supply goods or services?

**Mr Peters**—Their involvement has been quite good, but I do not know whether we could claim much credit for that. The previous witness, Greg Constantine, has been extremely good in that area. Companies understand their social obligations. For example, ConocoPhillips are well aware of their social obligations. They met with the Larrakia Development Corporation. Of course, this is local Larrakia land, so the negotiations are at that level. They still engage quite a few Larrakia Development Corporation companies, not specifically through anything we have done; it is more through Greg's organisation. There has to be some politics involved if you are bringing Aboriginal organisations in from outside onto Larrakia lands, as Greg mentioned. That is a big issue that has to be dealt with. But, ultimately, that is an area where we intend to be. We intend to advise mining operations on who is about. They have got politics to handle there as well.

**CHAIR**—Putting your database together is for the purposes of procurement. Does that mean that most of your businesses on the Indigenous list are not culturally based businesses? We are not talking about arts and tourism; we are talking about more mainstream economy, supply type companies. Have I got that right?

**Mr Peters**—Yes, you have. Our principal aim is to get businesses into the procurement processes. At this time, the art and craft organisations are not our focus. If we get the first part of it established and it works well, one of the government departments might want to expand its business improvement programs. That is fine, but at this stage we are not looking at arts and crafts.

**CHAIR**—You are operating in a space which, it has been put to us, is part of a concept which might be beneficial Australia wide—that is, the idea of a minority business council. Are you aware of that idea?

**Mr Peters**—No. But we are aware that, through government procurement practices and mining lease obligations, there will be an advantage given to Indigenous businesses to get them

involved. But we are also trying to get them to become competitive in the broader sense. We do not look at whether they are Indigenous or not. If a company says, 'We need to put a road through to a particular place. Who have you got on your books?' we do not look at whether they are Indigenous or otherwise; they just go into the mix and it is up to them to prove their worth. I am not aware of the idea that you are talking about, but Indigenous companies need to be competitive in the broader scheme of things, and it is extremely important that they take that view.

**CHAIR**—Given that you have said that, I will have a crack at describing it. The minority business council is an idea which works in America. I would like to know how the idea might work here. It would be something along the lines of having a database of Indigenous service providers across the country. The minority business council would have blue-chip companies as its members. If as a social obligation a blue-chip company wants five per cent of its stationery to be supplied by an Indigenous business, it would go to the Indigenous Business Council, which would say, 'We've got 25 stationery companies on our database,' and then there would be a tender process. Part of what the council does in America is provide quality insurance, so you know that dealing with the minority business council means you have some guarantee about the quality of the business you would be contracting with. Would it be worth while trying to get an idea like that up Australia wide? It is not dissimilar from the area that you are involved in.

**Mr Peters**—No, it is not. The principle of doing that is outside what we do. The principle of establishing that is a decision for others to make. The important thing as far as we are concerned is the identification of those Indigenous businesses. We think we are doing okay, but we have got a long way to go. I would suggest that we are probably ahead of anybody else in the country in terms of specifically trying to identify who is out there. I have talked about getting companies involved in the greater mix of things, but there is a lack of expertise to know how to do that. I suppose the principle of what you are saying is good in that you can concentrate a bit more on getting the standards and the requirements for those organisations up to scratch—if they are guaranteed at least an opportunity to be competitive. I suppose there are some benefits there.

**CHAIR**—Thank you for giving us your time today. We really appreciate it.

**Proceedings suspended from 12.45 pm to 1.15 pm**

**MANNING, Mr Rollo, Executive Officer, RWM Consultancy and Burrthi Aboriginal Corporation**

**DJINIYINI, Mr Keith, Chairman, Burrthi Aboriginal Corporation**

**CHAIR**—I now call Mr Rollo Manning and Mr Keith Djiniyini to give evidence. Do you have anything to say about the capacity in which you appear before the committee?

**Mr Manning**—I am a consultant in Darwin and also executive officer of the Burrthi Aboriginal Corporation.

**Mr Djiniyini**—I come from Elcho and I am the chairman of Burrthi Aboriginal Corporation.

**CHAIR**—Thank you. I have to say the next bit, but do not get too worried about it—well, one should be concerned about it, but you know! Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Would you like to make an opening statement? Then we might ask you questions after that.

**Mr Manning**—Yes, thank you. I would like to make some opening remarks and then hand over to Keith. The journey that we have gone on in the last 14 months, in trying to get some enterprises off the ground which are really Keith's dreams, has been quite an experience for me. If anything, I suppose I am sorry to have to say, it has answered the question of why there is nothing much happening out there in the way of enterprise development. As a pharmacist, and having been involved in establishing a pharmacy on Bathurst Island, I could see how easy it should have been. I look at the profile of businesses which are in, say, a New South Wales country town—and I had a look last weekend at the town of Boorowa, which has a similar population to Galiwinku. There are 15 retail establishments there. At Galiwinku there are five: one store, three takeaways and a place where you can buy petrol.

I think it is really a matter not so much of what is wrong with the programs that we have now but more of what the role of government is in trying to get enterprises going. This really is unclear to me after the battle that we have had over the last 14 months to try and get government to help us to do things. One thing which Keith said to me a couple of times is: 'Why are we worried about government? Why don't we go to the private sector? It might be easier to get money there.' When we have announcements being made almost every month of another large amount of money that is going to be spent on Aboriginal disadvantage, you have to think that government should be the place to go to get assistance, but it is not necessarily happening that way. I wonder whether part of the reason why it is not is that the system—the process and the administration that we have set up—is simply choking itself.

I would like to refer you back to an article which was in the *Australian* newspaper 14 months ago, on 8 June 2007. Jenny Macklin is quoted as having said that when Labor came to government it would do something about the red tape wrapped around Indigenous affairs

administration and there would be an overhaul of the way programs were delivered. She also pointed out:

FOR every dollar the Howard Government spends on indigenous people, it spends up to another dollar on bureaucracy.

I really think that, apart from looking at the programs that exist to help develop Indigenous enterprises, you should be looking at the way the system has choked itself up to cause the delays that you have now.

We have examples in our written submission to you of what those delays are but this morning we heard it referred to by the lady from the hub as a handbrake which has been put on progress. The idea that came up before lunch of a one-stop shop is a good one, too. Another is the fact that there are probably half a dozen programs in DEEWR that we have to come to grips with to know which one suits us. The fact that it took Indigenous Business Australia seven months to tell us that we should be talking to ISBF just makes you wonder what government is trying to do in all this. Is it trying to choke it up so that nothing happens or is it fair dinkum about the promises that it makes in wanting to alleviate disadvantage? There are one or two other points that I would just quickly like to make before handing over to Keith. One is the need to understand the people whom we are all trying to assist. John Greateorex gave you a very good expose this morning of the difficulty of that culture gulf and Keith will talk a bit more about that. There is certainly the need to get things closer to the ground when it comes to delivering assistance. There, I am thinking of seed funding and facilitators who are on the ground and actually working with the people to help them to make things happen.

One thing which we have in our submission recommendation is the notion of a regional council for social and economic development that has the responsibility to look at priorities within a smaller geographical area and decide then where assistance can be given. I would refer you back to the Australian Assistance Plan of the Whitlam government back in the 1970s that looked at regional councils for social development and the per capita amount that was available to those councils at that local level. I would just like to summarise in my comments a quote from Andrew Forrest—and this was back in May 2008, before the most recent ones about the 50,000 jobs, which we will be watching very closely. He talked about the real role of government and said:

We need to stop the grandiose statements coming out of Canberra and give these people back the mechanics to fix their lives and become wonderful participating Australians.

I think it is that ‘hand the people back the mechanics to be able to fix their own lives’ that we have to look at very seriously: understand the people; decide what we can do about that cultural gulf; and recognise the very severe ways in which welfare dependency is affecting people. Keith’s history in this goes back, as far as I know, 20 years when, in one instance, he said the same things to Gerry Hand when he was Minister for Aboriginal Affairs in 1987. Thank you for the opportunity and I look forward to your questions, but let’s hear from Keith about that cultural gulf.

**Mr Djiniyini**—Thank you very much for giving me the opportunity to talk to you guys. As we know, money is power. Before anything else, money comes first. If you want to see this happen, money comes first. Without money, we cannot go anywhere. As you heard from Rollo,

we have been struggling. I am struggling in terms of health. I have eye problems, kidney problems and diabetes, but I want to take a new course for my people. Also, there is a problem in the community where I come from with alcohol. There are about 13 tribes and we are finding a problem amongst ourselves. That is why all of you people have to understand those barriers. We have withdrawn from the mainland, from some of the other tribes. So when we come to another territory, another border, there is another tribe there. There is a little bit of debate about who the land belongs to, so the people come in and talk to us for a couple of hours and then off they go again.

When it comes to the issues of employment and leadership, there was a debate amongst ourselves before you came in and tried to help us. So I got my tribe—one tribe—to get away from the other communities and other tribes to see if we could do something for ourselves here. I am trying to take a course so that I can see my dreams be enriched. We want to move to our own land. There is potential there for us to make employment. We will try and get money from the government. We will try to get the money from the bank or from the developer. We will see who is going to come first. As I said earlier, before anything else, the money has to be there and, of course, a plan.

As Rollo told you, that year—I was the chairman for 10 years and a lot of things happened—I asked Gerry Hand and Steve Hatton, who was the Chief Minister, when they were here in Darwin to see if we could stop this UB, so everybody could start working or looking for a job or creating a job. They turned around and told us, ‘No. It is the policy for Australia. We can’t do that, Keith.’ In 2007 they took up the same thing as what I had said 20 years ago. That is why my people are getting lazy, sad and sick—because of that thing. If you asked people to go and get a kangaroo or a fish and there was no UB, they would go and get them. But not today, because the UB is there. Every morning people go to the Salvation Army and get the porridge. They do not have to worry about food. There are pubs on every corner here. My people are sleeping in the grass. The money is waiting for them at the unemployment office.

That is why I told my tribe, ‘Let’s try.’ Other tribes have their leadership. They have somebody who is a spokesman. What I am doing now is getting my own tribe together because I speak a lot in the ceremonies and I also speak in places like this. So this is the course that I am taking for my people. What I am trying to do now is ask you people here who came and listened to me to help me. I am putting my hand up here for you to come and help me—to listen to what I want. I am just getting sick and tired of people coming with a briefcase with all their plans and proposals which just do not work. But I am putting my hand up here for anybody with money, expertise, technology, education or employment. I am putting my hand up to see if I can get any help from you guys.

As Rollo said, we have been struggling for 14 years. I have been paying this man from my Centrelink money to work on my business plan and my proposal. Where is this money from government that we hear about in newspapers and on radio? That is all I can say. There is nothing happening in the community, I will tell you right now. In all of Arnhem Land there are no Aboriginal businesses running—not even one. So I will say it again: give us a hand. Do not drag us by the neck; push us, help us, so we might get somewhere. Listen to what we tell you, because we are all people, whether we are black or white. That is all I wanted to say. Thank you.

**CHAIR**—Thank you, Keith, and thank you, Rollo, for those introductory comments. We have a bit in the briefing materials about what both of you have been doing, but I just wondered whether we could get a bit more of an explanation about what Burrthi Aboriginal Corporation is doing. Could you just run through what it does—or what you are hoping it will be able to do.

**Mr Manning**—Yes, that is better, because the immediate answer to the first part of it is nothing. It is the aspirations that we have to do things which are the important part. The projects are listed there for you, which are the ones that make up Keith's dream. The immediate goal is to have funding to allow us to do feasibility studies and business plans on those six projects that are in our schedule.

**Ms REA**—I was looking for the six projects. Where would I find them?

**Mr Manning**—We listed them in a letter to you. There is a shopping precinct, which we hope would have various retail outlets; a transport hub, which would link by ferry the communities of Galiwinku, Ramingining, Milingimbi and Gapyuwiak; a trepang harvesting venture; a housing village at Galiwinku, which would be a stand-alone suburb with its own social amenities, trying to take things a step further than just housing; a tourism resort up at Djarranalpi, which is a beautiful part of the world and is Keith's country; and, coupled with the tourism resort, a relocation of people that wanted to go and live in effect on an outstation but supporting the tourist resort. They are the dreams.

**CHAIR**—Thank you for that. We do have that letter, so that is good. Rollo, in the submission, which I think you both put in, you talked about the regional council idea. I just wondered whether you might expand a bit more on that in terms of how you see that operating and who would be on it.

**Mr Manning**—Sure. It would be a tripartite thing in terms of government input with shire, NT government and Commonwealth government but at the same time representatives from the communities in the region that it would serve. Those people would come from the community itself. The whole idea of it would be to help local people determine what their priorities are in social terms, which can then be interpreted into plans for action through economic development. It is the only way that I can see which would enable us to try and get more money spent closer to the ground and maybe remove some of the spending that is now in the bureaucracies of Canberra and Darwin and just slowing the process down.

**CHAIR**—You obviously see it as a government funded agency.

**Mr Manning**—Yes.

**CHAIR**—You sat through the morning's evidence. Basil Hall talked about the arts councils. Are you thinking about a version of that only more generalised, relating not just to art but to the whole gamut?

**Mr Manning**—The whole gamut. The position that we have now is that there are departments with their officers who are pretty hard to find on the ground but whose publicity says that they are there doing things. It is costing a lot of money to sustain the public servants who are supporting the websites and the promises that the websites make. It is a matter of getting that out

into the local areas, where something can really happen. I think at the moment we have far too many people sitting in offices in Canberra and Darwin who should be out there in the field talking with people, getting the messages about what is needed and helping them to sort out priorities and get feasibility studies done on economic development.

**CHAIR**—One of the proposals is to have a shopping precinct at Galiwinku. We had this morning, and I think you heard, evidence from Outback Stores. Does that seem to be a useful model in terms of getting retail up and running in the communities?

**Mr Manning**—The Outback Stores model is a very good way of getting more efficient management into the stores that are already there. I would be interested in talking to them more about how they would see trying to diversify the different segments of the retail market to see whether there is the opportunity for individual persons to conduct their own businesses in a retail area that might interest them. In terms of the shopping precinct that Keith envisages for Elcho, there would be half a dozen opportunities there for people to run their own businesses. It is not for us to say who they are or what those businesses are. But, if there was someone who had an interest in, say, a music shop, we would see that as being something that we would try to facilitate for them to enter into along the lines, in a way, of the Aboriginal employment covenant that was announced on the weekend, where a mainstream firm would be used to help train and mentor that person. The way we would see it operating would be that the person who wanted to run a music shop at Galiwinku would come into Darwin, spend three months at a music shop at Casuarina Shopping Square and then go back and take the ideas and the knowledge with them to run their own business. They are the sorts of things that we would hope to see at least tried or our being given a chance of having a go at. I would worry a bit that Outback Stores might be creating the impression that they are the ones you have to speak to first before doing any retailing activity. I would be interested to know what the national competition policy guidelines would say to that.

**Mr KELVIN THOMSON**—What do you see as the needs of remote communities compared with those of Darwin? Are there specific things that we need to be looking at when we are thinking about developing enterprises in the more remote communities?

**Mr Manning**—The very simple answer to that is jobs. We have to get to a position where there are jobs. It is no use having 50,000 employment positions, as promised by Andrew Forrest, if there are not the jobs there for the people to go to once they have had the training. In the remote community that I was in on Bathurst Island—and Andrew saw the result of that there—we had five people employed in the pharmacy. That was not hard to do, it was not rocket science and it was PBS money that was paying their wages. It is just a matter of commonsense and picking out businesses that you can target and make a go of. It is giving people a job. Keith might like to add a little bit on how important a job is to someone.

**Mr Djiniyini**—That is exactly right. I get telephone calls from Elcho and from other communities such as Milingimbi and Ramingining. They are sitting doing nothing since the shire took it over. They have no idea of what they are going to get next. The church went, then the council went, and the shire took it over. There is one man there who has taken it all over and people are just waiting for UB. I am trying to get something on transport. There is employment at the trepang, where we can harvest. There is a lot of potential there. We can give people jobs in education. With this intervention that is going on today, who is doing all those jobs? Only people

from outside are doing them; not the local people. That is another opportunity. We need resources in the intervention and the power and the law behind it. At Elcho, especially, after five years what is going to happen; where are the people going to go? Back to square one—to zero.

**Mr KELVIN THOMSON**—The other thing in your submission was about skills transfer programs. You said we should try to match those to someone's aspirations. Again, thinking about remote communities, how do you see that happening?

**Mr Djiniyini**—We often travel a lot for death ceremonies, initiation ceremonies and cursing ceremonies. We move a lot. If you fly from Milingimbi to Elcho it is only a 15-minute flight but it will cost you \$500 on a single engine plane. A return trip to Darwin costs you \$700. It is just under a one-hour flight. There is no toilet and there are no refreshments on board the plane. When you want to get Milingimbi it costs you \$500 to get on the plane and there are only five people on that plane. We want to get a ferry boat to take these people so that they can go to their ceremonies, meet family and friends and do other work and all sorts of things. Transport is a big problem there. Once we establish all these things, it will create jobs.

**Mr Manning**—That then also gives people a choice. I think choice is something which we really have not thought about very much at all when it comes to employment. We expect that local people will want to dig up the roads or work in the council office or work at the health clinic. If you ask a young person what they want to do when they grow up or leave school, they say one of those things because they do not know of anything else. It is only when we get some more enterprises going out there and a bit of variety in them that people will start to realise what is available to them and where their inkling is towards something to do. I am sure that all of you are doing what you are doing for a job because you want to do it, not because you have to. So we have to try and give that same choice to them.

**Ms REA**—I want to talk about the six projects listed and the idea of getting these enterprises off the ground. I am not sure whether you were here this morning but we heard quite a bit from the Darwin business incubator, the hub. I am just wondering: have you spoken to them? Mandy, in particular, was talking a lot about working with people pretty closely from the very beginning to get their ideas shaped into some sort of plan and then try to establish them as businesses. Have you been talking with them at all?

**Mr Manning**—Yes, I have. Unfortunately, Mandy is not in a position to help us because she does not have the resources to be able to do it. I think that the presentation that she gave to you was indication enough of the frustration that she has to suffer in trying to get assistance from the same government departments as we are. I would have liked to think that the hub, the incubator, could have been a place where we could have got shared resources from, such as accounting advice and legal advice when setting up a business. Unfortunately, it is not funded to even do that sort of thing.

**CHAIR**—I have one more question. Page 5 of your submission picks up on a comment that you made just before, Rollo. You talked about the motivation to learn and work. In the submission you say:

The motivation must come from within the person and that is not something that can be done for them. This is a fundamental premise to the change process. It cannot be delivered from above.



That is right, but it does raise the question: what do we do? How do you get that motivation?

**Mr Manning**—Actually, I think the person who is on next, Peter Shepherd, is in a better position to talk about that than I am. We have both attended—and Peter has for some time—sessions run by an enterprise facilitator and trainer by the name of Ernesto Sirolli. We were all fortunate enough to go to a seminar of his in the first week in July. I will be interested to hear what Peter have to say about this comment, but it sounds a bit risky to me that you leave people and wait until they say, ‘Hey, I want to do something.’ But this fellow Ernesto Sirolli was very convincing in making us understand that if you do not do it that way nothing is going to work in the long run. You only help people who really want to help themselves and you only help them when they come up with an idea and say, ‘Hey, I’d like to do something.’ I would really enjoy trying that out at Galiwinku and seeing whether, if we set up an office, put up a sign and said, ‘Come to us and tell us what you want to do,’ anyone would come and do it, but unless we give it a try we will never know.

**CHAIR**—It seems to me that there were two things coming out of your submission. One was that sentiment, which I understand the point of, but the other was having a regional economic development process. I wonder how you marry those two things, because it does seem to me that one is by nature reactive—as you say, waiting for people to come to you—and the other is proactive—about trying to get things going at a regional level. How do you reconcile them?

**Mr Manning**—First of all, the regional level social economic development council is really to try and get that spending-of-money decision point closer to where it is going to be implemented. The action which would follow would be through an enterprise facilitator whose task it would be to help people when they did come up with ideas as to something that they wanted to do. So there are two parts to it. One is: how can we get the money spent, or the decision making on how it should be spent, closer to the ground? The other is: how can we get a person, responding to those needs and priorities that the regions set, to actually help people to get going ideas that they themselves have said they want to see happen?

**CHAIR**—Thank you, Keith and Rollo, for giving us your time today. We greatly appreciate it.

**Mr Djiniyini**—I just want to say one more thing before I finish. Unemployment is a disease for my people. I want to see it stop, and we want to create jobs for my people so they have their dignity and pride and so nobody will call us bludgers. Thank you.

**CHAIR**—Thank you, Keith. Thank you, Rollo.

[1.47 pm]

**GOVAN, Mr Iain, Private capacity**

**SHEPHERD, Mr Peter, Private capacity**

**CHAIR**—I now call Peter Shepherd and Iain Govan. Thank you for coming.

**Mr Shepherd**—My name is Peter John Shepherd, and I appear as an individual, as a business consultant.

**Mr Govan**—My company is TLE North, and I work as a business consultant, mainly in Indigenous economic development.

**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. Do you wish to start by making an opening statement? We will ask you some questions after that.

**Mr Shepherd**—I will start. We have a bit of a dancing bear routine. Broadly, I guess my experience is quite positive. I have worked with Indigenous entrepreneurs for the last 25 years or so and over that period of time I have worked with at least 150 individuals and their businesses. It has probably established about 900 businesses all over. My experience is working with individuals, and, pretty much, the comment that Rollo ended off with is really the approach—it is what you might call a person-centred approach. I have brought along a copy of Ernesto Sirolli's book for you to have and to pass amongst the others.

The way in which we work is based predominantly on the principles of that person-centred approach. It acknowledges that you need to do strategic work—planning, getting infrastructure in place and having the right sort of service at the right time—but entrepreneurs are individuals. It is not something you can make or teach. How you find your entrepreneurs, and how you encourage and pull away the barriers to facilitate their development within a community, is really the skill. It is their energy and enthusiasm, rather than the idea, that make something successful. There are lots of ideas. You could think of a hundred things that would work in communities but, without the person to make it work, it never will. So it is the soft assets; the people are the tricky bit. All the rest—the business planning and stuff—is relatively simple, because we sort of know about it and we have got benchmarks and other things.

I have given you a few pages which I hope to use as a bit of an aid so you have got a visual presentation as well. Turning to the first page—the pretty coloured one—one of the questions asked in the outline was: do the present programs work? The programs are there, they are fairly procedural driven, and there are departments and things which have got processes. Departments tend to be process orientated. You put in an application and then they look at it, tick the boxes and send the money. So it is feasibility, business plans and stuff. On the whole they work quite well. The gap is what I have called disempowering a community. These communities are

dysfunctional in lots of ways, but they are really products of being brought up in a welfare style—and they are remote, so they are fairly disabling communities. Even if all of you were stuck in those communities you would struggle to do something, because phones do not work, the truck only comes once a week, it is hot, and the power goes on and off. There is a whole pile of infrastructure issues as well as trying to run a business from a remote community. So it is a very disenabling environment.

People's experiences within that—which is what Rollo was saying—are also very limited. We just do not see, on a day to day basis, entrepreneurial activity like we probably did as kids. Schools had fetes. We probably sat around the kitchen table talking to our parents about their next job or how they run their business, or whatever else. That does not occur in a lot of remote communities, because the only bits of services there are services. It is police, health and schools. There is no enterprise for the people to get a feel for how it works—even to run a sausage sizzle. So I think that is where the gap is. The programs are fine, but people have to emerge out of the quagmire—I call it the 'goo'. They have to somehow climb out of there to get into there, and that is just too hard. The gaps are too big. So we need to spend more money on teaching people basic enterprise skills and then give them a go at stuff. The money is a bit more risky, in a sense, and would probably be given to organisations like art centres and resource centres to say, 'Go and do some stuff.' Get people to experience a bit of enterprise. Maybe run a barbeque at the football, or start up a small printing business, or sell hamburgers or something. Just give people an idea of what it is like so they can understand the mechanics of running a small business. Some people will choose not to do it; they will go and look for a job. But the ones who say, 'I like that, because it gives me some independence'—they are the ones you can work with. Fortunately they are the ones that we generally work with. Because of the nature of the communities we work with, generally they are creative people, which means they are artists. You will see the answer to your other questions later on. Iain, do you want to add anything?

**Mr Govan**—To start off with, I would like to pick up on Kelvin's question earlier on. When you are talking about remotely based Indigenous people, they are in a much different situation from those in urban areas. It is mostly to do with infrastructure and overheads. I would like to focus on the remote work. Three years ago, we became involved with the Business Ready program, which was an initiative of the department of tourism and AusIndustry. It was a program that lasted for three years. It had a different time frame initially, but it was cut back a bit. We ran what we called a 'workshop for Indigenous entrepreneurs' in Kakadu, back when it started. As a result of that, we had 16 entrepreneurs who emerged and who were interested in becoming involved in Indigenous tourism. We worked with those people through the first 18 months, with varying degrees of success.

Halfway through the program, we were asked to cull those that were not going to be business-ready at the end of the next 18 months because, for whatever reason, the government decided to curtail the level of support. So we cut back to six businesses, which are all having varying degrees of success; certainly three of them achieved business-ready status from starting with nothing. The key element out of that was that we had people emerge who had a vision and an idea that they wanted to do something.

Peter's and my experience is that, in any Indigenous community, there are many, many opportunities for commerce and business. One of the limiting factors to that is, as he said, that there is a lack of role models actually taking up that opportunity. The role models for nearly two

generations have been those on sit-down money or CDP money as the means by which you get through your week.

Recently, I have been involved in running feasibility studies on the community of Ramingining. We did the same thing that we have done in the past. We just put the word around that we were interested in speaking with entrepreneurs. On my first trip over there, four or five months ago, about seven people emerged who had an idea and came in and told us about it. One of the unfortunate things about that was that five of the seven were 65 or older; some were well into their 70s. That is an indication that those people grew up in the days of the Methodist missions: they were used to building their own houses, growing their own food and living largely on bush tucker. Their sons and daughters and their grandsons and granddaughters do not have that background. There are a couple of reasons for that. One reason is that culture, that lack of role models. The other reason is the particular culture in Arnhem Land where the young fellas have a 'gatekept' voice and it is the elders who speak in meetings.

I ran some meetings to involve young people as well. There were two circles: the old people in the middle and the young ones on the outside. I took an interpreter with me and we went and spoke to the young people afterwards because they would not say anything at the meeting. We talked to them about business. They had a passing understanding of what business was, but they did not have a mindset that linked them to that business. Whereas the old fellas saw that that was their place, the young fellas did not.

So one of the thoughts I have is that there needs to be some sort of educational or awareness-raising program that teaches young people that they can be involved in business, simply because, when all those old people come to me and say they want to start a business, they tell me they want to start it for the young people, but the young people are not making that connection. So there is a bit of a disconnect in all of that.

I think there are plenty of opportunities. An inquiry was run by IBA into Ramingining late last year where they found there were 155 possible jobs that could be carried out by Yolngu people in Ramingining. My point, reinforcing what Peter said, is that it is not the lack of potential jobs; it is the lack of people who want to stand up and take advantage of them and put themselves forward—because that is not how things have been for most of their lives.

**Mr Shepherd**—That might do for now. We have got a few other points, but we could cover those with questions.

**CHAIR**—I do not know to what extent you have been present and heard some of the other evidence today, but are you aware of Outback Stores?

**Mr Shepherd**—Yes.

**CHAIR**—In terms of this first diagram—getting out of 'the goo'—it initially strikes me that Outback Stores seems to be quite a powerful idea in the sense that, if it is improving one aspect of those communities, being the store, that reduces the goo. But it also would seem to be providing an example of a business enterprise beyond the small list of examples of jobs that you have in those communities at the moment, which are providing role models. Do you agree with that?

**Mr Shepherd**—It certainly has that opportunity. A store performs a function. Unfortunately, stores do not create much; they provide a service. They are not really creative in that sense. I think a better example would be art centres. Basil talked to you this morning about art centres. A lot of the work that we do is with individual artists. Essentially, an art centre is only a service agent. So individual artists, whether they are selling \$10,000 paintings or \$200 paintings at the roadhouse, are the individual entrepreneurs. They might earn \$10,000 or \$20,000 a year from that. It is a part-time income, but they work deliberately hard at it. They might paint for five to six hours a day. The art centre is just their agent that sells their product. An art centre might have somewhere between 100 and 150 artists who might work at any one time. The artist owns the painting until it is sold in the gallery in Sydney or wherever. All the art centre and the gallery do is take a commissioner or consignment fee, but it is still the property of the artist. The artist develops their own career and they decide on how long and how hard they want to work. What is really creative about this is that it brings money from outside. A store essentially just provides a service and delivers things in town. It is a bit like a creche or a school or anything else—it does not bring much in. In fact, while there is a manager who is external, even with their wage they probably own a house somewhere else. Art centres bring money to individuals. It is a reward for their work. It creates that link which is what entrepreneurs need—that link between that reward and a sense of wellbeing and increased self-esteem by being recognised by white fellas as well as their own mob. It is that sense of creation rather than just providing a service. A shop is important but it is just a service.

**Mr Govan**—The Arnhem Land Progress Association has a number of stores across Arnhem Land that are providing that role model as well. They are run usually by non-Indigenous managers. They are owned by the community. Many of the workers are locals from the communities who work in those stores. In fact, one of the young entrepreneurs I am working with in Ramingining did 12 months at ALPA to get his retail experience and now runs a small business there.

**CHAIR**—Do you see that as helpful in dealing with the goo?

**Mr Govan**—I do indeed because of the modelling that gets done and the opportunity for some training and development.

**Mr Shepherd**—And exposure to how businesses work: we buy it for this price, we mark it up, we sell it for this. We have to pay for it and this is the bit we get to keep to help cover expenses. It is really basic, important stuff. If you do not have any experience with it and you do not talk about it around the kitchen table, how do you know it? It looks like stuff sits in the store. It is our store.

**CHAIR**—In a sense, we have been presented with two models, though they may not be competing—the art centres and the outback stores. This morning, John Greatorex talked about a very large cultural gulf and he used a couple of examples, and one was about some weavers at Mapuru. He said that the concept of business for them was very alien and different. The art centre was something which bridged that gulf. In talking to Basil Hall, it is something that enabled the artists to do the art and there was a centre which looked after a lot of the business activity. To what extent is this a cultural gulf, as defined by John, and to what extent is this a lack of infrastructure or the goo, as you have described it, or is it both?

**Mr Govan**—I think both factors are present. Art centres are like a collective in a lot of ways. Both of us have worked with art centres—Peter, in particular—across the Territory and the Pitjantjatjara lands and the Western Desert. There is an opportunity through interaction between the art centres for people to be educated in terms of what makes for good art business and what makes for poor art business. There are some poor art centres and there are some really successful ones. We have both been fortunate to be involved in programs that bring some of those centres together so individual artists and the centres can start making distinctions between what good business is and what poor business is.

As I said earlier, my experience is that the things that would normally drive non-Indigenous business practice are quite different to, say, working with those people in Arnhem Land and what motivates them. In lots of ways it is about providing a different lifestyle for young people to pursue. It is always linked to maintenance of culture and it is also linked to something that Keith was talking about, which is reducing the despair of unemployment. At the end of the day, the actual financial profit probably features a long way down the list compared to how most non-Indigenous businesses would work, I would think.

**Mr Shepherd**—It is different but the creative elements in people are the same. If you help uncover those, people really blossom and they are healthier and the communities are stronger. Where there are arts centres and good art centres, we know that there is a lot less renal disease and the kids go to school more often. There is a lot less disease amongst people who now have a stronger attitude about themselves. Their wellbeing is demonstrable. There is a lot less trouble, and so we do not need police. It is very economic to do that.

The question that you had in your brief was: ‘What are the commercial advantages that Indigenous people have?’ Essentially, there are two or three. The top two are land and access to land—that is, national parks and areas like that where you might pay a fee, or a mine or things like that. There is native title on lots of bits of land, and that is a key one in the Territory with the NLCs and the CLCs.

Intellectual property is really what we are developing. So it is the stuff inside people’s heads. That is what entrepreneurs do. Richard Branson, Dick Smith or anybody like that takes an idea and turns it into something. I am saying that the goo is so gooey that people cannot get out of it and do not experience what it is like to be able to test an idea and to see whether it flies or not. A lot of good entrepreneurs go broke four or five times until they get there. Andrew Forrest is probably one of those examples. It is about how they convert intellectual property.

Art is an avenue because it moves from painting all the way through to dance, performance, language and song. It is a broadening and a diversification of the product range that can be in there that gives opportunities for that. It brings in new money. The white fellas in Sydney and Melbourne love it. All those people who walked across the bridge are the ones who buy the product. A fair chunk of the money comes back to the community and enlarges the community. It is personal choice about how that is used. It is not a Centrelink payment that has to be used here or there. It is their personal choice as to how they are going to spend it: ‘Will I spend it on myself or on my grandkids, or will I give it to somebody else?’ That is very empowering.

**Mr KELVIN THOMSON**—Am I right in thinking that a lot of the employment and business programs are providing opportunities and skills development for men? Are there programs around which are providing employment opportunities for women?

**Mr Shepherd**—I think they do both. There is probably a bit of a split between health and community service type stuff and the other jobs. The concentration on the word ‘job’ is a bit misleading. The average Indigenous person’s income is somewhere between \$7,000 and \$10,000 a year. If through art or performance or doing some part-time work people earn an extra \$5,000 or \$7,000, we have almost doubled their income. It is still not a very high income but that gives people discretionary spending. That gives people the energy to do more, to have some choice and to say, ‘I’m going to save some now for Christmas or when we come to Alice Springs next’ or whatever. If you go back a page, you will see that I have said that in remote communities the number of jobs is not sustainable. They are not there. You have to be in a larger community, closer to an area where there is a bigger range of jobs. You can see the types of things that then become viable, because there is a viability element.

I would be not so keen to talk about jobs, but I will talk about what people do, as perhaps their income might be a way to test it; but there is also their well-being, their health. We do have people that live in quite small communities who might be doing tourist things. They do it seasonally, but they can work for six months and then retreat back to their own community and maintain their culture and family balance. Maybe they only earn \$15,000 a year, but that is enough for them to be much more independent, and their self-esteem and well-being is really well looked after. They are sort of choosing; it is a bit like an alternative lifestyle, like the tree-huggers. It is just saying: ‘This is all I want. I don’t expect a lot out of life. I don’t want to drive around in a BMW or fly a helicopter home.’ I think our concentration on jobs may be a bit much. I think that is where a lot of the programs in this submission and even outback stores come a bit unstuck: they are very job dependent and those jobs have to be full time. Why the hell can’t they be 20 hours? Why can’t four people each do five hours? How do you spread that around a bit more evenly across a community?

**Mr Govan**—In fact, I think that job sharing is a much better model for remote communities because it gives more people an opportunity to augment a small income. Also, it gives them the opportunity to allocate sufficient time to their cultural obligations and those sorts of matters in the community. Many of them are very busy with those things and taking a full-time job is a bit of a problem. To go back to your question, my experience with art centres is that far more women are benefiting through participation in art centres than men. There is a point I wanted to make earlier, if I may, that I think there are lots of effective programs. I had had experience with some of them being implemented effectively. I think the thing that is missing is collaboration between the various agencies that convene those programs, because some of them are offering different things and it is the mix of accessing grant money for infrastructure and mentoring, training and development that can bring a holistic development approach to these people.

There is another thing that I think is really important. The one thing I learnt from the business ready program that ran for three years is that it is a hell of a lot better than a three-month or a six-month intervention, which often ends with the production of a feasibility study, a business plan and a marketing plan. If there is no follow-up to that, it does not generally lead on to activity, so there is a bit of a disconnect there.

**Mr LAMING**—Because I missed the first couple of hours this morning, forgive me if my questioning is a little off the mark. I am just trying to understand the goo and the supply and demand of jobs in a remote community. There is a focus on supply of jobs but the actual demand for them is a problem where the people who could take up those jobs have either a welfare pedestal configuration or simply a sense that it is actually too hard to go and do the thing that you would really like to do. Apart from pushing people into jobs and saying: ‘Every single person in a community has the right to either be earning or learning’, in fact, there is no provision for people to choose neither. I do not want to take it to the absurd point where an entire community starts painting in an art centre, because that does not fix the goo. I could say to a community: ‘How many people do you have between the ages of 13 and 21 who are disengaging from school and are probably making some decision about what they would like to do in their life? Of those 200 or sometimes 300 people, what is the provision for them?’ If it cannot be provided in the community, what is needed to ensure that there is something that they want to do, be it orbiting or going away for training? There is no option for people who choose neither. What would happen? I am talking about removal of welfare payments. What then happens?

**Mr Govan**—Could you say that in some different words please? Sorry. You are talking about that group of people who have left school and not become involved in, say, a work thing. You are saying that they actually have to enter something. Is that the mandate you are putting forward?

**Mr LAMING**—That is right. I am just trying to understand the dynamics. Keith said, when he spoke to us earlier: ‘What we want is a job and an opportunity. We’re not bludgers.’ So what if an opportunity is case managed person by person so that every individual can start to fulfil their dream, be it orbiting to Darwin and taking up regional training, be it taking up a local job or be it job sharing? In the end that is what everyone has the right to, knowing that there is actually no goo to step back into. What then happens?

**Mr Govan**—My first response is that it sounds like more like creating jobs and then expecting the people to follow suit. Our model has always been that we find the person—so it is firstly person centred. So, providing that your qualification process was doing a proper career advisory thing, or whatever the case may be, so that you were hearing from those young people what they wanted to do with their lives and then looking to support them in it, that would make sense to me. I do not know that you can artificially create jobs. I do not know what percentage of those people it would be—do you know what I mean?

**Mr Shepherd**—I will tell you the problem that I can see. I worked with displaced farmers in the Wimmera region back in the seventies when they were moving off their properties. When you went to a farm and said, ‘What do you want to do now that you have lost your farm?’ they had no idea. I think that is very similar to the case with Indigenous people. In a remote community where there is exposure to the range of things that are there, particularly in the personal services sector or the growth industries where there are opportunities in tourism and other things, there is not enough practical knowledge or experience—so it is about exposure to those things. I think the first thing I would do would be to put people on a bus or a plane and take them around and show them stuff and let those people feel and have a go at different things. I would then say, ‘What would you like to do?’ I think asking a question of what someone would like to do when they do not have any experience is not really an option.



**Mr LAMING**—So how is it achieved so that everyone has that? I am reversing it from the glass half full to the glass half empty and saying, ‘What do we need to do to fill the glass and provide the opportunity to everyone?’ As long as you are developing a new enterprise that employs six people here and five people there, there is always the goo. So how do we remove the goo so that everyone has somewhere to go? That might be coming down to having a look at options. It is going to cost money and it is going to involve orbiting and it is going to involve potentially part-time work outside the community and also job sharing within. There is nowhere for people who do not choose to do something. They virtually have that option or they are supported by their family, which at the moment is a very big step away from the welfare pedestal, because if the safety net is the welfare pedestal and CDEP is for 400 people in a community then why would you even bother?

**Mr Shepherd**—My answer to that is that it is not necessarily a cultural Indigenous issue. I saw very similar things in Ireland in housing estates where people worked together as groups. They may have received payments—say, someone might have got a job that day—and then they shared the money around. So I would argue it is a poverty cycle. If we take out some of the cultural barriers that we seem to put in the way and treat it as just being poverty, then I think we come up with better programs and also a better look at it. The cultural stuff makes it a bit more complex but not impossible.

I suspect we use the wrong tools for groups of things. The organisations within them, whether they be the police force, the hospital or whatever else, tend to say they want only a full-time police aide or they want only a full-time nursing assistant. They say, ‘We don’t want to have five people doing those jobs. We can’t afford to train them.’ In remote communities these are all running services, and even a store is a service. A store can offer, because of the degree of training that is required, a broad range of a number of jobs, but when you get someone who has trained as a dental nurse or as a nurse in a clinic then the health department cannot afford to train five people. They just have to pick on one and say, ‘This is your job.’

**CHAIR**—Thank you very much, Peter and Iain, for your time. We are going to take what we have here as a submission, so this will form part of it.

**Mr Shepherd**—You have got some more coming as well. I have some more data on arts centres, and Iain has some more stuff coming on the tourism stuff, so you will see the mix. It essentially creating. That is really what it is. Creating something from nothing is what this stuff is about.

**CHAIR**—Thank you again very much for your time.

[2.19 pm]

**JAN, Ms Sarina, Private capacity**

**CHAIR**—Our final witness today, before we do our inspection, is Sarina Jan, managing director of SarJan Consultancies. Do you have anything to say about the capacity in which you appear before the committee today?

**Ms Jan**—I appear as an Aboriginal businessperson.

**CHAIR**—Thank you. I need to say this for the record: 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 giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. That said, would you like to make an opening statement? Then we might ask you some questions.

**Ms Jan**—My opening statement is basically a call to be more creative and innovative in Aboriginal affairs, to see Aboriginal affairs as an industry rather than just a welfare program and to realise that there are great things happening in Aboriginal affairs and that it is not just going down to the unemployment.

**CHAIR**—You do not want to say anything more than that?

**Ms Jan**—No.

**CHAIR**—Can you briefly take us through what the consultancy business that you are involved in at the moment does.

**Ms Jan**—The consultancy business that I do normally does the gap in services. You have the IBA, small business enterprise centres and things like that to help Aboriginal people into business, but what we try to do is the mindset change that people have been talking about—that the culture comes into it and everything like that. That is where we do not find any funding. People do not realise that, when you handle an Aboriginal business, it is actually a cultural business: the culture will actually influence how you do business. So what our organisation tries to do is the pre-mindset changes. That is looking at things such as governance. Aboriginal people are so used to doing community development governance that we do not know how to do corporate development governance, which is a totally different thing when you get into business. Another thing is feuding. A lot of times our people are feuding too much, and it is all the emotional stuff around a community that stops a business from actually working in the community. The other thing that we always miss out on is succession planning. Our culture is all about succession planning, but we do not actually practise it when we do business. We try to look at that gap in service. At the moment no government department funds it.

I have Aboriginal businesspeople who volunteer their time to talk to Aboriginal people who are thinking about going into business. We sit them down with a person who has been in a new start-up business, someone who has been in business about one year, someone who has been in

business three years and someone who has been in business 10 years. They sit down and throw their ideas around in a group. It is like a workshop. We talk about all the things that affect us—our families, our culture, where we can get money to set it up, whether our idea is plausible and things like that. If they come back about six months later—because we give them time to think about it and stuff like that, and they will ring back and ask for more information—then we put them on to the NEIS, the New Enterprise Incentive Scheme, because most of them are on Centrelink. If they are still working, we normally put them on to the small business enterprise centres, which will help them get information. What we try to do is to groom and mentor them over 12 to 16 months before they actually go into business. We help them with business planning and everything like that, but a lot of times you already have business planners who help Aboriginal people. What we do is to put the cultural component in it, because most of the business plans that Aboriginal people have for their businesses miss out on having a cultural plan.

**CHAIR**—At what point in the business cycle are people coming to you?

**Ms Jan**—At the very beginning when they are thinking of an idea, and when they have actually started business. That is where the gaps are for a lot of Aboriginal people. In the very beginning they have a great idea, but a business planner will talk them into business when, realistically, they have not looked at the questions: ‘Who is going to help me if I am not there to do my business at home? What happens if someone is feuding with me in a community?’ They have not actually talked about those things. They have a great idea and they can get all the resources, the moneys and everything to set up business, but they have not actually thought about the long-term plans of being in business.

**CHAIR**—You work with people over a period of 16 months. Are you able to bridge that cultural gap in that period of time?

**Ms Jan**—A lot of times we do, because we actually look at the family and we work out who might be able to give the support, be the personnel or something like that—it might be the mother, the father, the uncle, the auntie, the niece or the nephew. What we try to do is to look at the family business. We have been tying into Family Business Australia, who actually do the big corporates and things like that. Theirs is all about understanding the culture of a family in business and working with them from the cultural point of view and also with the family dynamics and stuff like that.

We are trying to work with the cultural situation. My eldest brother, who is older than me, has seniority and can speak on behalf of the family, but when he comes to work for me he has to learn that his status has changed and he is part of my team and has to allow the youngest one to come through and talk. That is very hard to learn. There are things like that. We have to change a lot of the mindset in understanding what business is all about.

People tend to use the wrong terminology a lot of times. They talk about Aboriginal economic development as being the keystone to change and everything in Aboriginal communities. Aboriginal economic development is only economic development activity; it does not actually make a community sustainable. For me Aboriginal enterprise—that is, being in business, generating profit and income and retaining that profit within your community—is what sustainability is all about.

**CHAIR**—In your own business you work as a normal consultancy so you charge a consultancy fee. When people come to you right at the start when there is no government funding involved, how does that work?

**Ms Jan**—We volunteer our time. I have a database of about 150 Aboriginal businesses that actually volunteer their time because we cannot get funding from the government. It does not fit into the program. We keep on saying that you cannot get Aboriginal people into business unless they understand what they are getting into and what they are bringing their family and their community into. No-one will actually fund that.

When they have their business plan and been set up in business by the IBA—if they have a loan from the IBA—or by SBEC or even the NEIS they come back to us because no-one has told them how to price themselves, no-one told them about insurance, no-one told them how to identify a market and no-one showed them how to write a tender. Again this is another gap in service that none of the agencies pick up on.

**Mr KELVIN THOMSON**—I understand that in the presentation you gave to Chevron you talked about the need for an Aboriginal chamber of commerce and industry. When we were in Sydney Warren Mundine and others had set up after the 2020 conference an Indigenous Chamber of Commerce, so it is obviously a very new thing.

**Ms Jan**—We started doing that in WA. It was called the Indigenous Business Institute. That was set up under the Hon. Hendy Cowan but, because it was a Liberal policy, when Labor came in it was not taken over. A lot of times policies by government change because of a new government coming in and not taking up what has worked in the Aboriginal community.

We were talking before about infrastructure in Aboriginal communities. Women's centres used to work in Aboriginal communities because it meant that the women were all together. They learnt homemaker duties like sewing for doing bedspreads, curtains and things like that and they learnt cooking. They also had their kids on hand and the kids developed. In Aboriginal communities you do not send your kids away to child care. Our kids are not learning in those first one to five years their ABCs, counting and how to interact with each other. Aboriginal kids are being put into grade 1 and are expected to have done that and also to tackle English. This is logical stuff. Go back to the basics and audit a community to see what the infrastructure, resources and personnel are. Talk to the people and ask what can be achieved for them. That would be a good start.

**Mr LAMING**—You refer to interfamily disputes and succession planning. What suggestions do you have for businesses as they are starting up to negotiate those kinds of challenges?

**Ms Jan**—I think this is a prerequisite for anyone doing business in Aboriginal affairs. It is the same as any corporate doing business in Aboriginal affairs. They should look at the cultural protocols that their organisation will follow when doing business with Aboriginal people. That gives the standard to the Aboriginal people. It says that these are the ethics and integrity that we will bring to you. One thing about doing business with Aboriginal people is you have to instil trust and establish a relationship. The first thing I would look at is cultural protocols on how to do business in the Aboriginal community.

For Aboriginal start-up businesses, one thing that is really hard is getting their first contract. We all know that in government, for tenders under \$50,000, all the government agency has to do is get three quotes. What stops government agencies from allowing an Aboriginal chamber of commerce and industry to project-manage those tenders under \$50,000 in Aboriginal affairs and thereby ensure that they make it competitive for their members, which are Aboriginal businesses? If they cannot find the competition there, they put it out to tender further. That starts up an Aboriginal business. It helps to sustain them. It gives them professionalism. It also ensures that the Aboriginal chamber of commerce and industry will actually instil quality standards and controls. It will bring a professionalism into Aboriginal affairs.

**Mr LAMING**—That sounds like a ringing endorsement for a minority business council, doesn't it?

**Ms Jan**—The WA chamber of commerce, when we were thinking about setting up our own one in WA, were right behind it. I have also talked to the NT one here. They are right behind it as well. They have a multicultural chamber of commerce and industry. They have a Minerals Council and things like that. They said that it is logical here in the NT, where you have a 30 per cent Aboriginal population, to have an Aboriginal chamber of commerce and industry.

**CHAIR**—Kerry?

**Ms REA**—It sounds good. It is fine. It is very interesting.

**Ms Jan**—Realistically, no-one represents Aboriginal people in business. Most of our businesses, especially the small businesses, are not of the large size that most corporates operate at.

**CHAIR**—Thank you, Sarina, for your time. It is greatly appreciated.

**Ms REA**—It was really interesting. Thank you.

**CHAIR**—You have provided us with—

**Ms Jan**—Yes. There were a number of other things I talked about, like an Aboriginal business incubator. While the NT business incubator up here had sweet success initially but then overused its time, I think for Aboriginal people up here there is a need for an Aboriginal business incubator, especially where there is a high population of Aboriginal small businesses. Yearly housing, through Darebin Enterprise, has been really good in developing small businesses up here in the past year.

**CHAIR**—What are you saying in relation to that—that the Darwin hub is working? But are you saying that it needs to be—

**Ms Jan**—The Darwin hub finished last year. What happened is that they had no entry and exit strategies. An incubator is all about the new and start-up businesses. We look at about a three-year trend, whereby they should be up and ready to go and be profitable in their own right. That is all that mentoring, the support, the assistance programs and things like that. The Darwin incubator, up here, was good; however, it never used to have many Aboriginal people in there.

The problem was that it had no exit strategy, so a lot of those businesses were in there for 10 years, making profit, but, because of the office space and everything like that being at a minimal cost, they stayed there.

**CHAIR**—I do want to ask you one other question. What is your view of the accessibility, I suppose, and effectiveness for Indigenous businesses of, say, IBA and a number of the other government programs that are out there at the moment?

**Ms Jan**—I think they are good, but the scariness about it is that it is government in business. I do not think governments should have the right to be in business, at the end of the day, even with outback stores and stuff like that. It actually takes it away from the people that they are meant to be setting up in business. For me, it is more like this: if you are going to do something in Aboriginal affairs to start looking at economic enterprise for Aboriginal people, it has got to be in a partnership arrangement where both take the risk, both transfer skills and ideas and stuff like that, both share profits and loss and there is a succession plan where the Aboriginal partner can buy someone out. A lot of times, what we have got is working relationships; we do not actually have full partnerships. That means that Aboriginal people will never end up being a big corporate.

**CHAIR**—You say ‘working relationships’. Could you explain the difference?

**Ms REA**—It is not a formal partnership.

**Ms Jan**—It is not a formal partnership. The profits still stay with the main corporate.

**CHAIR**—The non-Indigenous player.

**Ms Jan**—The non-Indigenous corporate, yes, so we will never get into that end of town, so to speak.

**CHAIR**—Do you think that IBA is playing a role in the business incubation space?

**Ms Jan**—No, AusIndustry plays the main role in incubators.

**CHAIR**—Thank you. Is there anything else you wish to say?

**Ms Jan**—Yes, I think for Aboriginal businesses to really expand there needs to be a corporate mentoring program. There are a lot of us in small Aboriginal businesses, but we do not actually realise the concept of growing our business or developing it into a bigger business. What we have for our bigger businesses are Aboriginal corporations that have gone into business but are still Aboriginal corporation entities, more so than a proprietary limited company or a legal entity in the business sense. So we need that development and mentoring and things like that.

Also there are the Aboriginal business awards. We used to have them in WA years ago and they were brilliant. They showed to the wider Australian community how much Aboriginal people actually contribute. People just seem to think that Aboriginal people are welfare recipients and nothing else, but we contribute through our art, our dance and everything like that on the world scale. We bring down the balance of power; we contribute to the export industry of

Australia. That is where Aboriginal businesses, if they are seen receiving an industry award which shows achievements to a state or to Australia, can receive kudos.

**CHAIR**—The document you have presented has been accepted by the committee as an exhibit, so it forms part of the evidence of this inquiry. Was there anything else that you wanted to say?

**Ms Jan**—I just hope that you do take on what everyone has been saying, but there are a lot of gaps between agencies. No-one puts their hand up; no-one allows for the creativity. Like I said, a lot of times we are trying to do mindset change for Aboriginal people who have never had the opportunity to do financial budgeting for themselves or to believe that there is a future other than CDEP or welfare—to believe that they can succeed in business. There has to be something that allows us to be mentored and guided to take on real partnerships and be involved in the profit sharing of Australia.

**CHAIR**—Thank you very much of your time. That brings us to the end of the hearing. I thank everyone for their attendance today. Thank you, Hansard, for your work.

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

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 2.38 pm**