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TORRES STRAIT REGIONAL AUTHORITY

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

INQUIRY INTO DEVELOPING INDIGENOUS ENTERPRISES

Please find following the Torres Strait Regional Authority's (TSRA) submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs Inquiry into Developing Indigenous Enterprises.

- 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;*

Background

One of TSRA's principal Economic Development programs is the Business Funding Scheme, which offers concessionary interest rate loans to eligible applicants. The stated objective of the Business Funding Scheme is: "to increase the economic independence of Torres Strait Islander & Aboriginal people by facilitating the acquisition, ownership & development of commercially viable enterprises in accordance with the principles of sustainable development." BFS concessionary finance is available to Torres Strait Islander & Aboriginal individuals, partnerships & corporations residing in the Torres Strait area.

Although many business loans have been generated through the TSRA, feedback from loan clients indicate that a number of business owners have limited knowledge of sound business practices. This may impact on the ultimate potential success of the business and consequently the ongoing capacity of clients to meet loan repayments.

To assist the Torres Strait region improve economic development, encourage local community members to start their own business and in particular, in order to generate more successful business outcomes, it has been identified that preliminary business training and ongoing support is needed. Consequently, TSRA has created a customised

Small Business Development Framework designed to provide the required assistance to accelerate economic growth within the region.

Overview

The purpose the Small Business Development Framework is to improve business success and accelerate economic development in the region.

Essentially the framework consists of the following essential activities:

1. Community Economic Business Forums

The creation of a series of Community Economic Business Forums held within Island cluster groups will stimulate discussion of potential local economic opportunities supported by case studies of successful Indigenous businesses, and provides an avenue for TSRA and other stakeholders to outline potential available business support.

2. Small Business Training

Eligible applicants with a commercially viable business idea will be offered the opportunity to participate in a Small Business Training program.

3. Financial Statement Submission

To assist clients create more successful businesses and to highlight their business loan status, clients will be required to submit their financial activity statement each quarter.

4. Quarterly Mentoring or Additional Training

Business loan clients will be provided with quarterly business mentoring support to monitor the financial and operational health of their business, and provide business advice and support where possible.

Activity Details:

• Community Business Forums

Regular Economic Development Forums provide community members with opportunities to explore business concepts and ideas with their own community setting.

The purpose of these workshops is to raise community members' awareness of business issues, discuss potential business opportunities and provide introductory knowledge of essential business start up and legal requirements for small business.

The forums are conducted over a three day period and are currently facilitated by an external Small Business Development Company who has extensive experience in facilitating business forums to Indigenous communities, and has practical small business experience. Where possible, successful Indigenous business operators are invited to 'share their story' and provide inspiration of possibilities for Indigenous entrepreneurs.

The Torres Strait is made up of five island clusters – Eastern, Western, Central, Top Western and inner island cluster. The forums are to be held on each island cluster, each quarter. Hosting the forums amongst island clusters brings communities together to

work through different business ideas that may provide synergies between community groups and improve the economic sustainability of the region.

Business ideas generated from the forum are discussed, and community members who have business ideas that appear feasible, are offered a place in the Small Business Training Program.

The first Community Business Forum was held on Moa Island in the St Paul's community, with over 20 participants each day, or approximately 10% of the Islands residents. A subsequent forum has been held on Erub Island with over 25 participants attending each day.

- **Small Business Training**

A need for small business training was identified from feedback by TSRA loans clients, community members and analysis of success factors of other organisations instrumental in assisting 'start up' small business. The Small Business Training program was subsequently developed in consultation with TAFE and the TSRA Economic Development unit. The resulting Small Business course has been developed to suit the local context and includes modules from Certificate II through to a Certificate IV in Small Business. The course is designed to provide entry level business skills and information required to operate a business in the Torres Strait region. On completion of training participants receive a Statement of Attainment for all modules successfully completed, which can be used towards gaining a certificate IV in Small Business. The focus of the training is for loans customers to develop a business plan with specified action steps for practical implementation.

TSRA will maintain close and regular contact with the small business clients, including monthly telephone contact, analysis of clients' quarterly financial statements and quarterly business mentoring / coaching for one year, or longer (subject to review) after their business has started operating. This last component in particular will provide valuable feedback to TSRA business loans customers on the effectiveness of implementation of the action steps identified in their business plan, and any areas of additional assistance which may enhance the success of their business.

Summary

The Small Business Development Framework is a new proactive approach to Business Development in the region. It has been designed to encourage maximum community awareness of business opportunities followed by valuable introductory business training and ongoing mentoring to potentially accelerate business development and success in the Torres Strait Region.

Please refer to the enclosed Business Funding Scheme (BFS) brochure which has a descriptive flowchart outlining the specific process underpinning the Small Business Development Framework.

The framework is in its initial implementation stages and monitoring over time will reveal how successful the initiative has been, however initial interest and participation

demonstrates good initial outputs which TSRA is confident will eventuate in tangible successful outcomes.

2. Identifying areas of Indigenous commercial advantage and strength;

The Torres Strait Regional Authority (TSRA) aims to strengthen the economic, social and cultural development of the Torres Strait to improve the lifestyle and wellbeing of Torres Strait Islanders and Aboriginal people living in the region. The Authority's vision is to “empower Torres Strait Islander and Aboriginal people to determine their own affairs based on the unique Ailan Kastom (Island Custom) bilong Torres Strait which is the source of unity and strength.”¹

The main focus of Economic Development creation has been the BFS program and grants to community organisations (CEIS) as needs are identified. The TSRA recognises that there is a growing focus on accelerating Indigenous Economic Development from both Indigenous leaders and the Australian Government to enhance wealth creation and address social needs.

TSRA believes that there are a number of industry sectors in the Torres Strait that could be developed to enhance Indigenous Entrepreneurship, Indigenous business ownership and to create greater employment opportunities for Indigenous people in the Torres Strait. A number of key industry areas appear to have the potential to either be expanded or create value adding processes to increase Indigenous participation and economic benefit. The primary industries identified are:

- Marine (Aquaculture, Finfish and Tropical Rock Lobster)
- Arts and Culture
- Tourism

These key industries may provide good opportunities for Indigenous people living in the region to create enterprises or attain employment. TSRA believes that a regional approach to stimulating larger industry sectors, will greatly accelerate economic developments with flow on effects to creating opportunities for smaller enterprises to provide ancillary products and services, and is therefore considering the creation of a ‘Torres Strait Regional Economic Development Strategy.’

Key Points on Industry Sectors

• Finfish Industry

The Torres Strait Protected Zone Joint Authority recently completed a 100 percent voluntary surrender process in relation to Transferable Vessel Holders (TVH) licenses in the Torres Strait Finfish fishery. The aim of the process was to meet Australia's obligations to PNG under the Torres Strait Treaty and to increase the Traditional Inhabitant Boat license sectors (TIB) capacity to improve their economic returns from this fishery. TVH fishers will not be able to access the fishery after 30 June 2008 under their current licenses. This represents a potential opportunity for Island fishers to participate on a more commercial scale in the fisheries industry.

¹ TSRA Website

During 2001-2005 traditional Inhabitants caught an average of only 16 percent of Coral Trout and 7 percent of Spanish Mackerel. Traditional Inhabitants estimated catch in 2007 was 3% percent Spanish Mackerel and 10% percent Coral Trout which has an estimated value of \$42,928 & \$59,971 respectfully.

The figures below offer an approximate current wholesale value of commercial fishing in Spanish Mackerel and Coral Trout:

<p>Spanish Mackerel Total Allowable Catch- 187 tonnes @ \$6.00 (Whole) = \$1.1 million</p>	<p>Tropical Rock Lobster Total Allowable Catch is determined on a yearly basis for sustainable fishing purposes</p>	<p>Coral Trout Total Allowable Catch- 129 tonnes @ \$12.50 (whole) = \$1.6 million</p>
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• **Arts and Culture**

The Torres Strait Islands are home to a growing number of successful artists who are gaining national and international recognition, including Dennis Nona (last year's winner of Telstra Indigenous Arts Award and \$40,000 prize money), Alick Tipoti, Billy Missi, and David Bosun. Many of these artists have been awarded with prestigious art awards and often facilitate workshops to pass their skills and knowledge on to potential future Torres Strait Islander artists. Examples of their work are displayed at the Gab Titui Cultural Centre.

It appears that many Australians, and the international audience who are acquainted with Aboriginal art & culture, may have not had much exposure to Australia's 'other' indigenous culture (Torres Strait Islanders). Torres Strait Islanders have a uniquely different artistic expression to Aboriginal artists with rich illustrative art and carvings that reflect ancestral stories and legends as well as contemporary themes, and traditional dances with distinctive costume and style depending on the Island of origin.

The table below provides an illustration of how the Indigenous art industry in Australian has grown.

Year	Source	Value
1981	Pascoe	\$2.5 million
1989	Altman	\$18.5 million
1996-97	ABS	\$15 million*
2001	ABS	\$35.6 million*
2002	Myer	\$200 million
2002	Cultural Ministers Council	\$100 - \$120 million
2002	Altman and others	\$100 - \$300 million

Notes: * Sales at commercial galleries only, estimated in 1996-97 to represent approximately one quarter of the total market.²

² Standing Committee on Environment. *Communications, Information Technology and the Arts – Indigenous Art – Securing the Future – Australia's Indigenous visual arts and craft sector* – June 2007

Available data are at best 'guesstimates', and in 2002 the estimated value of indigenous visual art sales was between \$100 million and \$300 million. Given inflation as well as growth in the industry in the previous four years it is estimated that the Indigenous Art Industry is worth at least \$400 - \$500 million.

With Torres Strait culture and arts starting to gain national and international recognition, given the size of the market, and the rate of growth indicated above, Arts & Culture potentially represents a rich area of economic development for Torres Strait islanders.

Although growing interest is evident in recent years through requests for Torres Strait Islander Artists exhibitions at numerous national, and a small number of international galleries, it is evident that accelerated and ongoing assistance will be necessary for this sector to become a thriving economically viable and sustainable industry in the region.

A 2005, 2006 and 2007 Queensland Tourism Award winner, the Gab Titui Cultural Centre is the major venue in the Torres Strait showcasing culture through displayed artefacts and artwork and with regular exhibitions of new artists work and traditional dance.

The Gab Titui Cultural Centre Arts Development Officer is working closely with the TSRA Economic Development unit to identify communities that are interested in arts production and create a regional Arts & Culture strategy.

Initial scoping reveals that the Torres Strait hosts a variety of artists and many art forms, with a core group of talented artists producing a significant volume of art work with many other Torres Strait islanders demonstrating obvious artistic talent. A key 'incubator' for some of the artists now gaining national and international recognition, is the Kubin Arts Centre on Moa Island. The '*Not Selling Cakes*' report, has identified the Kubin Arts Centre as being capable of producing export ready art work for the fine art market. The report also states that strong art centres play a significant role in maintaining and strengthening cultural values, and argues that by creating a catalyst for³ a sense of well-being in community members may alleviate identified social problems in remote areas.

Some of the identified barriers that need to be addressed to create a vibrant art industry throughout the region at this time include development of:

- Infrastructure
- Financial reporting structures and systems
- Ability to plan effectively, due to lack of information and inexperience in communities
- Skills
- Operational funding
- Coordination of dance performances.

³ Tucker, B (2006) in association with Creative thinking positive solutions. *Not Selling Cakes – Final Summary Report Indigenous Art Centres Study Stage Two*

Factors which may raise the value of and grow the markets for Queensland Indigenous art include; Individual artist's reputations, regional strengths, cultural integrity and representation in public gallery collections.

Some suggested actions / activities which may assist in the development of a robust regional art industry in the Torres Strait is a thorough business planning process which addresses:

- Governance Structure
 - Levels of management and staffing
 - Training and professional development
 - Remuneration of artists
 - New product development
 - Market planning and developing, including relationships with public galleries
 - Facilities development plans
 - A funding and investment model
 - Performance indicators
 - Identifying specific training needs
 - Longer term funding partnerships
 - Accommodation for Arts Centre Coordinators and visiting professionals
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- **Tourism**

In 2007 the Queensland Government, through significant consultation with government representative Indigenous and tourism government departments, and tourism operators, created a draft 'Cape York Peninsula and Torres Strait Tourism Development Action Plan.' Public release of the final plan is imminent. The draft plan identifies that "Cape York Peninsula and the Torres Strait are two of the most unique areas in Queensland with the exciting potential to develop into exclusive tourism destinations that incorporate the lifestyle, culture and natural beauty of the two regions." It is envisaged that the final dedicated and customised plan will help drive tourism development and ownership in Cape York and Torres Strait regions.

TSRA has taken a pivotal role in the implementation of the plan by recruiting a Tourism Development Officer (TDO). TSRA is forming partnerships with the critical tourism bodies in Queensland, in particular, Queensland Tourism and Tropical Tourism North Queensland. These partnerships will help the implementation of a pathway which includes: identifying community aspirations towards tourism and improving community and industry tourism planning and knowledge; identifying community champions and developing tourism products, experiences and supporting services; defining and developing destination marketing and promotional messages; attracting critical resources to develop and maintain and upgrade tourism infrastructure and product and developing new and utilising existing distribution channels to disseminate tourist information. Initial success is evident by significant facilitated increase in visits from tourism journalists, tourism writers and national television film crews.

The draft plan states that "the Cape York Peninsula and Torres Strait Tourism Development Action Plan through delivering better prospects, more real jobs and

greater enterprise opportunities, will impact positively on social and economic development in Indigenous communities.”

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

The Torres Strait Regional Authority (TSRA) aims to strengthen the economic, social and cultural development of the Torres Strait to improve the lifestyle and wellbeing of Torres Strait Islanders and Aboriginal people living in the region. The Authority's vision is to empower Torres Strait Islander and Aboriginal people to determine their own affairs based on the unique Ailan Kastom (Island Custom) bilong Torres Strait which is the source of unity and strength.

A research report by the Conference Board of Canada (2006)⁴, ‘Growth of enterprises in Aboriginal communities’ states that Canadian Aboriginal leaders are forming partnerships with other Aboriginal people and with outside corporations in order to improve the viability of their businesses . They are also devoting considerable efforts to developing community capacity through education, training and institution building.

Torres Strait region has a number of established and growing industries with an increasing number of Indigenous entrepreneurs. Major industries include Commercial Fishing and Tropical Rock Lobster. There is an increased focus on tourism with fledgling Indigenous charter boat operators, and an increasing arts base. Similar to the Canadian first nation peoples, TSRA recognises that Indigenous entrepreneurs need to build capacity through education, training and institution building, and to that end has created the ‘small business development framework’. TSRA is attempting to create more whole of government linkages to facilitate industry opportunity identification, and solution brokering, as well as liaison with key industries for insight into how potential joint venture partnerships may harmoniously be created to accelerate economic development.

TSRA is encouraged by the Government’s positive outlook toward Indigenous economic development. In particular the 2007 Election Policy statement, which outlined the ALP’s commitment to Indigenous economic development.

TSRA believes Economic Development is critical for the future of Torres Strait and embraces these sentiments. TSRA notes that a number of successful community business ventures in Canada’s First Nations communities have proven to be economically self-sufficient, with reduced dependence on government and simultaneous improved socioeconomic conditions. Anderson (2006) indicates that much of this success is due to developing community capacity through education, training and institution building, as well as the formation of business alliances with other both Indigenous and non-Indigenous people⁵.

⁴ Conference Board of Canada (2006), ‘*Growth of enterprises in Aboriginal communities*’, Ottawa, Canada. www.conferenceboard.ca.

⁵ Anderson, R. B., Dana, L. P. & Dana, T. E. (2006) Indigenous land rights, entrepreneurship, and economic development in Canada: “Opting-in” to the global economy. *Journal of World Business*

Given these observations, and the evident economic opportunities in Torres Strait, TSRA believes that there is merit in researching in more detail the principles contained within the United States minority business councils model. In particular, consideration needs to be given if the principles can be adapted to the Torres Strait context.

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

During TSRA's Community Business Forums, a successful Indigenous company or business entrepreneur is invited to 'share their story' with the community and explain what the challenges and rewards to starting their own business has been.

TSRA's experience is that the inclusion of successful Indigenous specific operators has been well received and has created stimulated discussion, interest and inspiration. In addition to the Indigenous entrepreneur sharing the mechanics of enterprise creation, they often relate challenges specific to the Indigenous cultural context. Shared from first hand indigenous experience, the stories are more poignant and 'real' than an external consultant could achieve.

The TSRA vision refers to the 'unique' Ailan Kastom (Island Custom) bilong Torres Strait Indigenous, and Torres Strait specific unique customs and traditions may impact to a greater or lesser extent on economic development activities. Specifically, we note that Zapalska et al. (2003) state that Maori entrepreneurs have cultural 'iwi obligations', and are expected to contribute to community activities through cash donations and in kind support and also to participate in church and local government activities. Successful Maori entrepreneurs have learned to use ethnic and socio-cultural pressures to their advantage. In particular the ability to engage family members' resources was found to be a significant support factor during the business establishment phase. Additionally, Cahn (2008)⁶, researching the confluence of Indigenous entrepreneurship, culture and micro-enterprise in Samoa found that 'business' and economic activities are embedded in cultural and social aspects of Indigenous societies throughout the world. These cultural and social aspects create unique styles of entrepreneurship, often community-orientated, and with diverse livelihood outcomes. Consequently, an 'indigenous' form of enterprise has developed in Samoa which successfully blended the Samoan way of life and culture (fa'aSamoa) with micro-entrepreneurial activity. This has enhanced the overall success and sustainability of the micro-enterprise

In the Torres Strait context, Beckett (1987) highlights that island culture within the traditional context is particularly aligned to a sense of a stable, long established closely knit and self-conscious society. Within the definition of Island culture and the formation and sustainability of enterprise therefore consideration needs to be given particularly to the realm of kinship, how relationships ties and obligations, and other cultural consideration may impact on Indigenous businesses.

⁶ Cahn, M (2008) *Indigenous entrepreneurship, culture and micro-enterprise in the Pacific Islands: case studies from Samoa* Entrepreneurship & Regional Development, Volume 20, Issue 1 January 2008, pages 1 – 18.

Fundamentally therefore, TSRA believes that Indigenous entrepreneurs who have walked the business creation pathway provide an invaluable reference for other aspiring Indigenous entrepreneurs, and mentorship incentives should be considered in this context.

TSRA representatives also recently visited Larrakia Development Corporation who shared that they have built in a mechanism for their housing development that Contractors shall maximise the employment, training and contracting of Larrakia persons and Larrakia Businesses.

This evidently has been a very effective strategy of providing a pathway to employment and further business creation. TSRA is currently researching the feasibility of undertaking an 'affordable housing project' in Torres Strait and believes that incorporating incentives to encourage successful businesses to sub contract, providing mentoring to new Indigenous enterprises, and incorporating construction training pathways, will be very beneficial for Indigenous participants, and the region.

According to Altman⁷ (2005) Indigenous businesses should not have cheap remuneration; instead employees should be paid the same wage as employees in major cities. This strategy would increase economic growth and skills capability with an accompanying decrease in Government welfare.

TSRA's view is that this is a sound approach, however may not be sustainable if pathways and mechanisms are not in place to ensure quality products and services are cultivated and sustained. Therefore complementary training pathways and incentives to mentor new Indigenous enterprises are recommended to ensure ongoing robust, sustainable businesses and employment is created.

In this context then, further research into adopting the Minority Business development model into the Torres Strait context may identify appropriate partnership pathways and accompanying incentives to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises. This in turn may provide long term economic and social benefit, by enhancing community capacity throughout the social fabric and developing Indigenous enterprises as profitable and sustainable entities.

⁷ Altman, J.C., (October 2005) *The Indigenous Economy: A realistic sustainable option for remote communities*