

SENATE STANDING COMMITTEE
ON ENVIRONMENT,
COMMUNICATIONS,
INFORMATION TECHNOLOGY
AND THE ARTS

Inquiry into Australia's
Indigenous visual arts and craft
sector

Submission by the Department of
Employment and Workplace
Relations

21 December 2006

Introduction

Artistic skills allow effective participation in and maintenance of Indigenous culture. While having minimal experience in the mainstream labour market and lower employability skills relative to non-Indigenous Australians, many Indigenous people have a high level of artistic skill. This is predominately due to the significant role that art, craft, dance, song and ceremony have played in communicating, practicing and recording Indigenous culture.

The Department of Employment and Workplace Relations (DEWR) often supports activities in the arts and craft sector through a range of employment and labour market programmes. DEWR is assisting with creating pathways to employment through initiatives under the Indigenous Economic Development Strategy (IEDS), which encourage Indigenous entrepreneurs by providing support to finance, establish and operate small businesses. Individual enterprise has the potential to provide significant economic benefits to Indigenous individuals and families by creating jobs.

This submission focuses on the following of the Term of Reference:

(f) opportunities for existing government support programs for Indigenous visual arts and crafts to be more effectively targeted to improve the sector's capacity and future sustainability.

Opportunities for existing government support programs for Indigenous visual arts and crafts to be more effectively targeted to improve the sector's capacity and future sustainability

There are opportunities to support the artistic activities of Indigenous communities. A pre requisite to receiving support from DEWR is that there are clear and structured pathways to employment. DEWR can assist in creating such pathways to employment through the IEDS, which can be used to encourage individual enterprise and provide support for Indigenous people to finance, establish and operate their own businesses. Individual enterprise has the potential to provide significant economic benefits to Indigenous individuals, their families and communities.

The Employment and Workplace Relations portfolio has key responsibility for implementation of the IEDS. A key component of the strategy is the Indigenous Employment Policy (IEP). Since 1999, the IEP, in recognition of the particular disadvantage of Indigenous Australians in the labour market, has generated substantial employment opportunities. IEP initiatives are designed to stimulate Indigenous economic activity and improve employment services, including outcomes for Indigenous job seekers through the Job Network and Community Development Employment Projects (CDEP) programme.

In 2005-06, the IEP recorded over 10 000 employment commencements with over 160 small businesses also assisted. Annual funding under IEP totals almost \$80 million. In addition to these achievements, over 44 500 job placements were made for Indigenous job seekers through the Job Network in 2005-06.

DEWR programmes that are being used to support arts activities include:

Structured Training and Employment Projects (STEP) provide flexible financial assistance for projects that offer employment and structured training. This can be in the form of on-the-job training or support for apprenticeships and traineeships to meet employers needs and must lead to lasting employment for Indigenous job seekers.

The nature of employers in the arts and craft sector, particularly the high proportion of very small businesses or sole traders, has limited the scope of STEP projects in the sector. For example, STEP funding cannot be used to fund artists directly. Artists are generally self-employed rather than employees of a business.

Despite this, STEP has been used successfully to support projects in the arts sector. Case studies 1 and 2 below show the value of accessing STEP funding to create long term employment opportunities for Indigenous artists by developing their skills in the management of art centres and for Indigenous people to gain recognised qualifications in museum practice and arts centre management.

Case Study 1 - ANKAAA

In Northern Australia, the Association of Northern Kimberley and Arnhem Aboriginal Artists (ANKAAA) Business Development Project is aiming to improve the skill base of employees of ANKAAA member art centres.

A STEP project employs a Business Development Officer (BDO) to perform the following duties over a 2 year period:

- undertake resourcing and training of the 32 ANKAAA member art centres and offices in business skills;
- facilitate the rollout and development of business, strategic, marketing and export plans for 27 members of ANKAAA; and
- project manage the proposed "Indigenous Arts Workers Pilot training project".

The BDO will also be working with the full membership in developing better business practice including specialised training programmes in money management, governance, human resource management and business administration procedures".

Case Study 2 - Mabunji Arts Centre

Mabunji Arts Centre in the Borroloola Region of the Northern Territory is developing the employment and business capacity of Indigenous people through STEP funding.

STEP funding is supporting a local Indigenous woman to gain qualifications in Museum Practice and Arts Centre Management at the Batchelor Institute of Tertiary Training. The employment of a local person is a strategic link between the artists of the region and the retailing of quality art and craft both nationally and internationally.

Training will include work experience placements with the NT Museum and Art Gallery and with Nyinkka Nyunyu Art Centre in Tennant Creek. These placements will build on the participant's skills and knowledge as well as providing a broader perspective on the role of museums and art galleries. Once training has been completed the successful participant will move from CDEP to full-time employment.

The Mabunji Arts Centre has also successfully implemented Arts Management training in conjunction with the Chamber of Commerce and Barkly Regional Arts.

The **Indigenous Small Business Fund (ISBF)** offers funding to incorporated Indigenous organisations to assist Indigenous people to learn about business, develop good business skills and expand their businesses. Assistance is available for activities such as feasibility studies, business planning, marketing, business mentors and other facilitative projects. Indigenous organisations looking at developing and/or expanding their enterprises are eligible to apply for ISBF funding.

Since 1999, the ISBF has funded over 20 projects in the arts and craft sector. These projects have included the development of business plans, feasibility studies, employing mentors or business development officers, creating clusters of artists and improving management of arts centres.

Across Australia, ISBF funding is assisting in implementing business plans and engaging business expertise to transform art centres and CDEP enterprises into commercial operations such as Koori Artefact Production, Uambi CDEP Aboriginal Corporation, Cooragan Arts and Craft Centre and the Aboriginal Centre for Performing Arts.

Case Study 3 – Northern Australian Arts Sector

In Northern Australia, through the Overarching Agreement on Indigenous Affairs between the Australian and Northern Territory Governments, joint projects have been initiated in “Strengthening and Sustaining the Indigenous Arts Sector”. Over a three year period, ISBF funding will facilitate the development of business, strategic, marketing and export plans for 27 Indigenous community art centres across the top end of the Northern Territory and in the Kimberley region of Western Australia. The project will also provide Indigenous arts workers with accredited training and assist 34 artists and managers with business development skills.

The **Indigenous Capital Assistance Scheme (ICAS)** assists in increasing Indigenous employment and Indigenous owned businesses by improving the access of Indigenous businesses to commercial finance and culturally appropriate professional support and mentoring. Flexible assistance packages are available over three years to help stimulate Indigenous business development, with loans ranging from \$50 000 - \$500 000. A key feature is the provision of interest rate subsidies to ease debt servicing requirements for Indigenous businesses. The programme is delivered in partnership with the Westpac Banking Corporation across Australia.

As ICAS has a commercial focus, Indigenous businesses must be able to demonstrate their ability to service the debt and make a return on the investment. This can be difficult for any art business, however, ICAS has been able to assist two arts businesses in Northern Australia that combine tourism, an art gallery and retailing of Indigenous arts and crafts.

Indigenous Community Volunteers (ICV) links skilled volunteers with communities that have asked for expert assistance in areas such as business, financial management and trades such as construction or plumbing. Since 2001, ICV has provided volunteers for up to three months to support and assist organisations including arts centres and artists.

The **New Enterprise Incentive Scheme (NEIS)** is a mainstream programme which helps eligible unemployed people to start and run their new, viable small business. NEIS is Australia's longest running and most successful employment programme. More than 100 000 people have participated in the programme, however it has not really been taken up by Indigenous Australians.

NEIS provides training in small business management and business skills, and business plan development. NEIS does not provide start-up funds such as loans or grants. At the end of training (up to three months), if the business plan is approved, NEIS assistance starts. NEIS participants receive income support while developing their businesses along with business advice and mentoring support during the first year of operation. NEIS mentors have proven business acumen and proven experience in marketing, finance, accounting or other relevant business skills.

Case Study 4 - Dancing Girrawaa

Ray Newman is a Wiradjuri man from Dubbo NSW. Ray saw see the need for a business in the Dubbo area that could offer both well priced and authentic Aboriginal work.

Through his business, Dancing Girrawaa, Ray seeks to create an awareness and appreciation of the culture and heritage of the Wiradjuri people of Central Western and South Western NSW. The forms of art which will be used to create this greater appreciation will include:

- Story telling
- Song
- Music
- Dance
- Artwork
- Artefacts

Ray plans to develop partnerships with other Aboriginal groups in Dubbo and the surrounding areas. He also plans to sell his products both domestically and internationally by using the internet.

Ray was accepted into NEIS. He works outside the enterprise carrying out other work to further subsidise his business operation. He has also been assisted by the Parkes Forbes Business Enterprise Centre.

The business plan Ray developed through his participation in NEIS is currently undergoing change to reflect a greater need for web-based sales and display opportunities, such as in galleries and exhibitions.

Community Development Employment Projects (CDEP) programme

The CDEP programme is the largest single Australian Government funded initiative targeted to Indigenous Australians. The programme provides activities which develop participants' skills and improve their employability in order to assist them to move into employment outside the CDEP and to meet community needs. The overall aim of the programme is to support Indigenous Australians to achieve economic independence.

Some CDEP activities lead to the development of commercially viable business enterprise. The support available under the CDEP programme includes assistance with:

- identifying commercially viable activities or contracting opportunities that could become viable businesses and create jobs outside the CDEP;
- developing the business skills of CDEP participants and providing them with, or linking them to, business support and mentoring assistance; and
- establishing effective structures that will support commercially viable businesses to stand alone outside of the CDEP.

A commercially viable business is considered one that:

- is managed by an individual or team with the necessary skills and experience;
- is managed in accordance with best governance practice;
- can cover all operating expenses, including living wages, loan repayments and taxes; and
- provides the business owner(s) a positive return over the life of the business on the capital invested. The return may be in the form of a profit, dividend or an increase in the commercial value of the business.

When an activity has been identified as being commercially viable, the CDEP organisation must ensure the business is operated by a separate legal entity which is established for the express purpose of engaging in a business enterprise. The CDEP organisation must not provide any goods or services free of charge to the business entity and CDEP organisations must operate fairly in undertaking their activities - commercial rates are to be charged for goods and services produced.

Art and Craft Activities in CDEPs

CDEP activities in the arts sector are multiple and varied and may include creating all mediums of artwork, retailing, art gallery management and administration support, story telling, traditional dance and song, broadcasting and the creation of Indigenous tourism experiences.

CDEP participants or organisations usually sell their art in a local area, often through art centres, however, in at least one instance, products have been distributed to several outlets over much larger distances.

In collecting information about the CDEP programme, the Department does not specifically ask for information by sector. However, there are elements of the information collected that allow us to extrapolate information that can provide a guide to the possible quantum of CDEP activities that provide arts and craft activities.

It is estimated that around 130 arts activities are currently undertaken by 95 CDEP organisations. These activities can support up to 2100 participants. This accounts for around four per cent of all CDEP activity places.

CDEP labour is often used to support arts activities administered by other government agencies, especially in the case for non-art activities such as the maintenance and operation of arts centres, including retail sales, food preparation and office administration. The use of CDEP labour to support other government agency activities can be referred to as CDEP cross-subsidisation.

The information we have available shows that there are 34 arts activities supporting other government programmes with up to 328 CDEP participants involved¹.

DEWR and other Australian Government agencies are currently looking to progress the removal of CDEP cross-subsidisation from a range of Government service delivery areas. The aim is to create real employment, business opportunities and career paths for Indigenous Australians participating in CDEP activities that elsewhere would be real jobs.

¹ Please note that data pertaining to the projects' lead funding body and the actual number of participants in those projects has not been obtained at this stage and therefore we are unable to quantify exact participation levels in these activities.

Other issues with the CDEP programme

Where a CDEP is involved in the set up, training or an ongoing activity for Indigenous artists, an issue arises around the artwork development or creation. Within the CDEP Guidelines, anything which is created or developed whilst within a CDEP programme, is deemed the asset of the CDEP funded organisation on completion of the activity.

Issues arise with this determination where the creation is valued on its own merits as a valuable art work, and the artist producing it is not permitted to profit from the sale or ownership of the artwork. The Guidelines state that income generated by a CDEP work activity (or business) can only be retained by the CDEP organisation for the purpose of furthering the development of the activity. Participants, or artists in this case, may only be entitled to their CDEP wages, not any revenues from the sale of the art. This practise has potential to establish a 'sweat shop' environment and is highly undesirable.

A strategy which is currently progressing is to establish Indigenous art businesses and centres which would generate income directly for individuals. As part of the Government's IEDS we are encouraging individual and family enterprise development, jobs and wealth creation.