

Pathways and Participation Opportunities for Indigenous Australians in Employment and Business Inquiry Submission

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This brief submission is in two parts and represents the views of two Indigenous academics, with decades of experience working with Indigenous communities, Indigenous companies and Indigenous enterprise. The first part of this submission illustrates the value of collaboration and the merits of microfinance for economic development in remote Indigenous communities through the case study of the Mabuyag microfinance program. The second part of this submission draws on research into success factors for sustainable Indigenous enterprises, specifically highlighting the need to increase individual financial literacy to deliver an overall net improvement to the financial well-being of Indigenous Australians.

A successful model of enterprise initiated and run by Indigenous Australians

Mabuyag microfinance program is a case study that highlights a success story of using microfinance for economic development in a remote Indigenous community.³ As a model it provides a working template that can be replicated at least across the Torres Strait and perhaps even more widely. Key to the success of the Mabuyag microfinance program is the cooperative efforts of the program partners namely the Mabuyag community, Mabuyag Islanders Board of Industry and Service (IBIS), Good Shepherd Microfinance, Shelter Housing Action Cairns (SHAC) and Ms Flora Warrior, an Indigenous Business Consultant.

Mabuyag is an island in the Torres Strait situated in the near western cluster of islands and forms part of the State of Queensland. The languages spoken are Mabuyag, Torres Strait Creole and Standard Australian English. The population is approximately 260 people.⁴ In the 2016 census the median weekly household income was reported as \$1,125.⁵ Ms Flora Warrior is an Indigenous Business Consultant who resides on Mabuyag, is a Mabuyag woman and runs her own business. She was recently awarded the 2019 National Seafood Industry Awards People Development Award for her leadership and work in the seafood industry including on the Mabuyag microfinance program. Mabuyag IBIS is a government-owned and operated store⁶ which provides goods and services, groceries, fuel and basic household items to the island. Good Shepherd Microfinance is responsible for coordinating NILS the 'No Interest Loans Scheme'. NILS is a national scheme that works with local community-based organisations to provide no interest loans to people on low incomes.⁷ Funding for the scheme is provided by the commonwealth government Department of Social

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³ <https://www.indigenous.gov.au/news-and-media/announcements/torres-strait-woman-receives-national-seafood-industry-award>

⁴ <https://www.health.qld.gov.au/services/torres-cape/torres-mabuyag-phcc>

⁵ https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC31732

⁶ IBIS stores in the Torres Strait are operated by Community Enterprise Queensland which is Queensland government statutory body established pursuant to the *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* (Qld).

⁷ <https://goodshepherdmicrofinance.org.au/services/no-interest-loan-scheme-nils/>

Services and the National Australia Bank.⁸ SHAC, based in Cairns, Queensland delivers micro-finance products and services⁹ including NILS to residents of Mabuyag.

The Mabuyag microfinance program has proven to be an immense success. It has:

- provided access to safe credit in the form of microfinance to a remote Indigenous community where safe credit for low income earners can be difficult to access;
- facilitated economic development opportunities for Indigenous people in a remote location where employment opportunities are limited;
- created tangible options for local employment and local enterprise in an Indigenous community which would be considered geographically isolated;
- illustrated the need for cooperation and collaboration between the local Indigenous community, local Indigenous business people, and for profit and not-for-profit goods and service providers in order to achieve a successful model of economic development in a remote Indigenous community; and
- emphasised the importance of having skilled and trained local people 'on the ground' from the local community and in the local community to coordinate such programs.

Government departments supporting programs that have impact

This submission supports the commonwealth government's ongoing funding of NILS as a microfinance program, and, notes that the benefits of the program could be expanded with increased funding from the commonwealth government. Community-driven economic development models such as the Mabuyag microfinance program do require continued funding assistance in order to promote and support Indigenous communities in their ongoing efforts to engage in enterprise and employment creation in their communities. Such efforts, particularly where there is a proven model of success, need to be supported on a long-term basis if they are to achieve long-term outcomes.

Enhancing economic participation

The second part of this submission draws on research into success factors for Indigenous economic participation, specifically highlighting the need to increase individual financial literacy to deliver an overall net improvement to the financial well-being of Indigenous Australians and their communities.

Financial literacy and commercial acumen have been identified by research conducted by both authors (independently) as key success factors in the wider economic context for Indigenous Australians. Bodle et al explain that in:

embedding the values of First Nation people in financial reporting through tailored financial literacy education [a] key element of this model relates to the existing levels of personal and commercial financial literacy in the First Nation participant cohorts. In terms of financial literacy, we refer to a comprehensive model (as per Blue and Brimble, 2014) that extends beyond the basic financial knowledge to include enabling factors (literacy, numeracy and digital literacy) and behavioural elements (confidence and motivation to apply knowledge). Collectively, these factors promote informed participation and effective decision-making and may promulgate more sustainable outcomes through a structured, inclusive and integrated education program that represents a key element of the proposed framework. Importantly, such a framework needs to circumvent conventional financial literacy education approaches that focus on individual wealth accumulation so as to incorporate measures of collective well-

⁸ <https://goodshepherdmicrofinance.org.au/partners/>

⁹ <https://www.shac.org.au/what-we-do>

being and how financial decision-making affects communities (Blue, 2016; Blue et al., 2015; Lucey et al., 2015).¹⁰

Loban has found that:

[i]ncreasing financial fitness needs to be undertaken using culturally-appropriate and relevant financial literacy training for Aboriginal and Torres Strait Islander [people] delivered by Aboriginal and Torres Strait Islander people in person on an individual and family basis. Training must factor in cultural practices that influence behaviour, and cultural factors must be worked into the budgeting framework because culture is a strong influencing factor on the decisions made by Aboriginal and Torres Strait Islander [people]. Training must be practical ... [and] needs to include building commercial acumen through mock exercises (or vignettes) based on real-life scenarios. ... Such training would be particularly important where commercial acumen would not ordinarily be built up through life experience, such as in remote Aboriginal and Torres Strait Islander communities.¹¹

Financial literacy in Indigenous Australians needs to form part of the foundation for economic participation, secure employment and enterprise success in remote, regional and urban environments.

Finally, as illustrated by the Mabuyag microfinance program, the commonwealth government needs to adopt a 'bottom up' approach to finding out the needs and solutions for the development of appropriate, meaningful and successful employment and business policy for Indigenous Australians. It is this 'bottom up' approach which must inform and direct government funding for Indigenous people and into Indigenous communities. It is local Indigenous community members and businesses that are best placed to identify gaps in services and the strategies and programs that will best fill these gaps. Creativity, flexibility and transparency are the keys to success as are partnering, cooperation and collaboration. A straight line between Indigenous funding and Indigenous outcomes is critical to address and meet public expectations of accountability. Absorption of funds by non-Indigenous, non-essential, intermediary program administration is a deep concern held by many Indigenous people and communities. Indigenous Australians are invested in the delivery of value-for-money programs and outcomes for themselves, their families, their communities and in the interests of the wider Australian community. The Mabuyag microfinance program is but one bright example of all of these elements operating together to great success. As a solution that addresses a need, it demonstrates how such little funding can deliver such big gains in building capacity, resilience, growth and sustainability in Indigenous Australian employment and businesses.

¹⁰ Bodle, K., Brimble, M., Weaven, S., Frazer, L. and Blue, L. (2018), 'Critical success factors in managing sustainable indigenous businesses in Australia', *Pacific Accounting Review*, Vol. 30 No. 1, pp. 35-51. <https://doi.org/10.1108/PAR-02-2016-0017> at p.44; <https://research-repository.griffith.edu.au/handle/10072/370284>

¹¹ Loban, H. (2018), *Aboriginal and Torres Strait Islander people and consumer law*, PhD thesis, James Cook University at p. 245; <https://researchonline.jcu.edu.au/56957/>